

# BUSINESS SERVICES SECTOR IN POLAND 2024





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# FOREWORD



**Dariusz Kubacki**

ABSL Vice President

– Business Intelligence and Thought Leadership

Welcome to the 15<sup>th</sup> edition of ABSL Annual Report. It is with great pleasure that we bring you this comprehensive analysis of the current state of the modern business services sector in Poland, set against the backdrop of an ever-changing global landscape. The report explores the transformative forces at play, offering insights into the trends, challenges, and opportunities that shape our businesses.

As we navigate a world of macroeconomic uncertainty and geopolitical complexities, it is crucial to understand how these larger forces impact the sector. The rapid evolution of technology, particularly the rise of Artificial Intelligence (AI) and other disruptive innovations, continue to reshape how companies operate and compete. This report inquires into these dynamics, illustrating how they drive transformation across the industry.

Key themes covered in this report include, apart from the state of the sector in Q1 2024, the scope of services delivered, the emergence of new business models, and the growing importance of technology-driven transformation. We also examine the broader implications of these trends on workforce development, investment decisions, and overall industry growth.

One thing has become clear since last year: changes will be faster than expected.

This report would not have been possible without the dedication and expertise of authors from the ABSL research team. Their commitment to providing accurate and relevant insights is evident in the depth and quality of the analysis presented within. We are also grateful to ABSL partners and more than 200 companies that generously shared their experiences and data through our survey. Your contributions are invaluable in helping us understand the evolving landscape of the modern business services sector.

As you read through this report, we hope that you will find valuable information and perspectives to guide your strategic decisions and inspire innovative approaches to the challenges ahead. Thank you for joining us on this journey, and we look forward to continuing this conversation with you as the sector transforms.

Kind regards,

**Dariusz Kubacki**

# EXECUTIVE SUMMARY

The ABSL 2024 report is based on a unique, comprehensive, and systematically updated database of business services centers in Poland. This analysis is run by the Association of Business Service Leaders (ABSL), along with the results of a CAVI survey conducted among the industry's leaders in January-February 2024.

We received 201 responses from managers, representing 43.0% of total employment in the sector in Poland at the end of Q1 2024.

The report is supplemented by materials from ABSL strategic partners, focusing on the office market in Poland (Colliers), the labor market, and talent pool dimensions – Randstad and Mercer, as well as OPI (the National Information Processing Institute – National Research Institute).

**This year's report focuses on the imperative of business transformation.**

## THE INDUSTRY IN POLAND — OVERALL PERFORMANCE

The industry expanded to 457,100 or 3.8% year-on-year by the end of Q1 2024. Employment in the industry grew at a faster rate than overall employment in the economy. Its share in total employment in the enterprises sector in Poland rose to 7.0%, and the industry's share in GDP grew to 5.3%. Two locations – Kraków and Warsaw now exceed 100,000, with each having 101,000 employees in industry centers. The sector now covers 1,941 centers with 1,167 firms from 47 countries. The industry in Poland is heavily internationalized, with global reach and scope, and the share of foreigners in the industry now exceeding 15.0%.

Total knowledge-intensive business services exports in 2023 stood at USD 36.8 billion, with an even higher surplus in trade that exceeded USD 15 billion.

Exports growth in 2023 exceeded the long-term CAGR of 20% and reached 22.9%, with a continued rebound in growth rates from Q1 to Q3. At the same time, the sector's mean exports per worker in the centers, a measure of productivity and value-added created, was USD 59,300 at the end of 2023.

For the first time in history, the share of mid-office process work in the industry's centers at the end of Q1 2024 exceeded 50.0% – another fact showing an advanced stage of development. Over the longer term, the trends are clear: decreasing the role of back-office processes and increasing the role of mid-office processes do work.

At the same time, the share of knowledge-intensive work in the sector's centers at the end of Q1 2024 is 55.5%. Please bear in mind that we classify a process as knowledge-intensive only if onboarding requires at least six months to complete. The mean reported automation rate at the end of Q1 2024 stood at 21.2%

(median automation rate – 19.0%), with a five-year perspective at 35%. At the same time, industry managers perceive the GenAI revolution as an opportunity, and for the first time, its impact is already visible but only likely to become truly transformative in the mid-term.

## A NEW PHASE OF GROWTH AND TRANSFORMATION?

It seems our industry is approaching a more mature phase of development, with attention shifting from growth, previously understood as increases in headcount (FTE), to more qualitative aspects which are focused on:

- » **productivity** (e.g., exports/VA per worker);
- » **sophistication** (knowledge-intensity of processes, mid- and front-office processes proportion to back-office processes);
- » **mean automation rate** (and increasingly the role of AI);
- » **innovation potential** and an ability to create intellectual property.

We are clearly no longer a low-cost location (from a global perspective) but provide good quality at a reasonable cost (61% of respondents). The key advantages of the industry in Poland include a large talent pool able to perform a wide range of processes, embracing the most complex knowledge-intensive process, and introduce market-level innovations at a reasonable cost (still an advantage over Western centers), several large CEE-standard locations (multi-centricity of Poland), and a time-zone advantage (the ability to service processes across the world from APAC, EMEA to AMER). Poland's EU

membership in the context of the regulatory framework and NATO means that security makes the country a preferred location in times of ongoing geopolitical fragmentation where nearshoring and friend-shoring strategies, play an ever-increasing role.

As a result of global trends, macroeconomic and geopolitical volatility, and the new AI-driven phase of technological revolution, our industry is embarking on a new phase of transformation. We are at the forefront of these changes, which should be seen as a challenge and a source of opportunities, and not as a direct threat. The headcount will likely stabilize or even decrease slightly in the years to come, as the number of declared layoffs in recent months has shown. However, this is part of our industry's evolution towards a more mature phase, with a focus on productivity, sophistication, and automation. This transition also signals a promising future for our industry, replete with potential for growth and innovation. In order to fully participate, we have to take more strategic positions globally and focus on providing innovative solutions on the global technological frontier. For this to happen, we need to develop our leadership potential and transform our skillset.

As a consequence, the VUCA-BANI environment, with the poly-crisis and deep shifts in several aspects, requires our industry to adjust and transform.

We have proven our resilience so far; now, we have to prove our adaptive and transformative capacity. It is far beyond the work from home (WFH) transition which has been replaced with hybrid and a partial return to office (RTO). The way we work, where we work, with whom we work, and most importantly, what

we offer – can change significantly in the coming years, with a number of potential business models likely to emerge (as last year’s ABSL’s Strategic Industry Foresight report business transformation cube showed). One thing has become clear since last year: the changes will be faster than expected.

## THE LABOR MARKET

After the world of work was transformed by the COVID-19 pandemic, firms have been facing new challenges in building effective teams. At the same time, there are new opportunities to evolve their talent strategies, adapt to the current landscape, and be better prepared for what lies ahead.

According to Randstad and Randstad Enterprise, employers report that in the short term, the skills gap will create greater challenges for their service businesses located in Poland compared to other locations. Increasing automation affects workforce planning and shifting talent. 65% of respondents in Poland report that they cannot keep up with the shifts – digital transformation is proceeding too rapidly. The top two challenges employers face are problems with attracting qualified candidates, and increased burnout rates.

While the past few years have seen a great deal of economic volatility, the modern business services sector in Poland has remained stable and is in fact growing faster than the overall market. This shows that, despite the threat of companies moving their centers to other markets, global businesses still see the value in leveraging the Polish workforce. However, there are some emerging challenges facing the industry. There’s been a higher demand for specialized skills and a decreasing demand for entry-level support roles. At the same time, automation is increasing rapidly, with a quarter of centers saying automation is above 30%, with 20% saying that they’re already using AI in their

IT, finance, and HR functions. This means that centers and their parent companies must adapt their people strategies to attract, retain, and empower employees when the industry outlook is rather mixed.

Given this uncertainty, it’s increasingly important for centers to focus on retaining their people, giving them the tools to continuously learn and grow in their jobs, and provide the flexibility that talent increasingly demands.

According to Mercer, salaries in Poland are still competitive compared to wages in Western European countries. The pay gap is fairly significant, especially at lower job levels. Compensation levels in Poland have a wide range, with the highest being in Warsaw. The sectors that have been the strongest and have consistently positioned themselves well above the market average in terms of compensation are primarily IT and Life Sciences. The industry maintains a strong and stable position which is slightly above market value. More than half (56.4%) of organizations in the Polish sector reported difficulty in hiring or retaining talent in certain roles.

Expectations regarding AI utilization and its impact on daily work are increasing. The most significant factor is the increase in productivity. Factors such as a lack of time for conceptual thinking and analysis, excessive workload, and inefficient organizational structures have had the greatest negative impact on productivity.



AI technologies and automation can enable the optimization of daily HR department work. Recent trends indicate that 11% of organizations have already introduced AI into their employee acquisition process,

and an additional 21% plan to do so in 2024. One third of companies use AI technology for candidate search, and an equal number of organizations utilize these solutions for recruitment tasks and video interviews.

## EMPLOYMENT FORECAST

The industry's growth dynamics in Poland is determined to a larger extent by global factors rather than the national situation in Poland. The global economy is experiencing moderate growth, with no expectations of a serious rebound. The employment plans declared by centers for Q1 2025 are less bullish than in previous years. This sentiment stems from the intertwined volatile, uncertain, complex, and ambiguous global economic environment. Although adaptability is a natural part of doing business, the character and scale of the challenges for the sector are significant. The new reality is still influenced by the consequences of the COVID-19 pandemic (value chain disruptions, regional resilience imperative), new ways of work, including WFH/WFA and hybrid, Russia's invasion of Ukraine, global tensions, risk, and uncertainty.

Demographic changes are also not favorable for Poland. However, since 2022, ABSL survey's respondents have perceived a talent pool shortage as a less significant barrier to operations and growth. They responded to this talent pool shortage by looking to employ more foreigners. The share of employees in the 35+ age group has increased. WFH and work-from-anywhere has reduced the severity of the talent pool-related problems.

The impact of AI on the industry remains ambiguous in the short run. AI can, to some extent, mitigate the severity of talent pool shortages. However, it can also reduce the demand for certain worker competencies, such as in HR processes/functions. Undoubtedly,

AI belongs to key transformation drivers, and its development contributes to changes in demand patterns for capabilities.

The next phase of accelerated transformation in the sector has already begun. Centers in Poland are subject to changes in the global shared services landscape such as mergers and acquisitions, AI development, inshoring, and regional resilience imperative. They have resulted in differing employment levels and pattern adjustments, meaning reductions in some centers and job number increases in others.

Poland's political situation has changed, resulting in improved relations within EU structures. This has had a positive effect on the overall investment climate. The industry in Poland continues to perform well and its employment growth has markedly surpassed the overall employment dynamics in Poland's business sector.

Considering the above factors, we predict that employment in the industry will increase to 471,600 by Q1 2025 (a growth rate of 3.2%).

Two alternative scenarios have also been formulated. From a pessimistic perspective, employment dynamics is 2.4%, on a par with the World Bank's global GDP forecasts for 2024. In an optimistic scenario, the headcount in the industry grows by 4.4%.

# THE OFFICE MARKET

The Polish office space market is one of the most dynamic and innovative in the Central and Eastern Europe (CEE) region. At the beginning of 2024, the total stock of modern office space in the nine main city markets in the country totaled 12.7 million m<sup>2</sup>. In terms of demand for leased office space in 2023, the market recorded a level similar to that of 2022. At the beginning of 2024, there were just over 630,000 m<sup>2</sup> under construction.

Demand for modern space in Poland's office market remains high. Last year's figures show no significant decline in tenant activity. According to Colliers, up to 92% of organizations have already implemented a hybrid work model. The workplaces have been adapted to the new realities and rearranged for more social office functions while optimizing square footage.

The large increase in the overall demand structure compared to previous years was in renegotiations, which amounted to 42 percent of all contracts. In contrast, new contracts and relocations continued to account for the largest percentage with 49%.

Demand for modern office space in relation to declining developer activity in the office market may mean the emergence of a long term supply gap in the market, which in turn may contribute to greater absorption of existing supply.

There is an increasing awareness of companies regarding sustainability, EU-imposed legal regulations, and rising energy costs. This has led to a rising demand for eco-friendly solutions. This helps to save costs and reduce environmental footprint.

The past year has been significantly influenced by ESG topics, with upcoming reporting requirements emerging as key market trends. Large, listed companies will already be obliged to publish ESG reports under CSRD parameters for the current year. Reporting requirements have increased significantly. Reporting, however, is just the tip of the iceberg, as it reflects a company's relationships regarding environmental and social aspects. This includes how a company impacts these issues and how upcoming environmental and social changes might affect the organization's financial performance.

Reducing energy consumption, such as cooling or heating, can compromise indoor air quality. Therefore, continuous monitoring becomes crucial, particularly regarding the social component within ESG. One of the key aspects of intelligent buildings is enabling users to interact with data regarding the working environment. Modern monitoring systems now allow for collecting user feedback and evaluations, which is essential for analyzing a building's environment and enhancing operational efficiency. In this way, managers can not only monitor the condition of a building but also tailor it to individual needs and the preferences of tenants.

## TECHNOLOGICAL DOMAIN

Intelligent Process Automation (IPA) (65.2%) /Robotic Process Automation (RPA) (87.5%) has become part of daily operations. The mean automation rate of processes is increasing (mean 21.2%, median – 19%), with its implementation achieving results in line with expectations, as it is mostly focused on cost-optimization and speed of services.

The year has not brought major changes in IT, and specifically programming languages. Despite the complex nature of large-scale cloud transformation initiatives, cloud transformation is gaining traction. The multi-cloud approach is rising in importance with the role of big data and data analytics on the increase.

IT/ITO centers are at the forefront of technological change, most rapidly implementing changes and then working as catalysts and providers of solutions to other centers.

Without a doubt, a fundamental change is the rising role of GenAI in the industry. It is still in its infancy but does have wider use and implications than were initially expected, affecting not only simple and repetitive tasks as well as more advanced processes in F&A, and in IT and HR domains as well. Its use can be transformative, with industry managers perceiving it as an opportunity (85.6% of respondents perceived the development of GenAI as a significant or minor opportunity).

## INNOVATION

Last year, 73.9% of companies declared that they had introduced innovation(s), understood as integrated products/services in the preceding three years, and as result can be considered innovators. This year, the share has increased to 74.4% (+ 50 bps). This was once again significantly higher than the nationwide mean. According to Statistics Poland (GUS 2023),

in 2020-2022, 36.1% of industrial enterprises and 34.2% (previously reported as 22.2%) of service enterprises showed innovative activity. In service companies employing 250 and more, the share of firms that have introduced product innovations was 23.8%, with business process innovation at 59.9%.

## BUSINESS TRANSFORMATION IS CRITICAL BUT...

Last year, 59.6% of firms planned to introduce a transformation strategy in the forthcoming year. At the end of Q1 2024, the share rose to 74.4%. 66.4% of respondents declared the transformation strategy to be supervised by global HQs. In the majority of cases, the transformation strategy focused on Intelligent Process Automation (91.3%), standardization of processes (79.8%), and implementation/ expansion of the use of artificial intelligence (70.2%). Over half of respondents also pointed to the continuous improvement (lean/Six Sigma) and utilization of data analytics / big data.

The transformation will likely be significant. 13.7% of respondents believed that the transformation of their current business model within the forthcoming five years would be fundamental, 19.9% believed that it would be very significant, and 47.9% thinking that it would be significant.

Referring to the business services transformation cube introduced in the ABSL 2023 Industry Foresight Report, center managers had shown more advancement in the virtualization and personalization dimensions than in AI depth/degree of automation. However, in the next five years, managers are optimistic about progress in all three dimensions, with the most significant change expected in the AI depth/degree of virtualization.

## ... GLOBAL LEADERSHIP

Part of this year's ABSL survey focused on leadership as its key to successful business transformation, further upskilling and upgrading, reaching the global technological frontiers and then striving to go further. Results could be even better. Despite some progress made in recent years, leadership development does still need attention. For instance, we enquired about

the percentage of a center's talent that moved internationally for >1-year assignments to other countries for leadership roles in the last five years. 41.4% of respondents declared it was zero, 35% stated up to 1.0%, and only 5.7% indicated that it applied to more than 5% of their center's talent pool.

## THE ATTRACTIVENESS OF LOCATIONS

Part of the ABSL annual survey is the assessment of factors that affect doing business in particular locations in Poland. The position of a city in the ranking reflects the mean of managers' opinions. The top three cities, in the overall ranking, in this year's assessment are Warsaw (1<sup>st</sup>), Wrocław (2<sup>nd</sup>), and Kraków (3<sup>rd</sup>). The ranking based on the joint assessment of individual

attractiveness' factors, put Warsaw in the first position, Kraków (2<sup>nd</sup>), and Poznań (3<sup>rd</sup>). With hybrid work patterns (and a partial return to office), work from anywhere increasingly more important, processes services becoming more standardized, and "footloose" AI taking prominent functions in the industry, the role of locations and their specific advantages are expected to diminish.



At the same time, the LQ quotient, pointing to locations with the highest significance of the industry in terms of specialization for the regional economy, takes the highest values for Kraków and Wrocław, with Tricity converging fast. It exceeds

the 1.5 value for Katowice and Łódź. Looking from a longer perspective, the industry seems to have played a critical role in the economic transformation of many Polish industrial centers.

## TOP DIRECT COMPETITORS OF POLAND

Respondents were asked to identify locations that may directly compete in attracting positions that could be located in Poland, taking into consideration the country's aspiration to grow knowledge-intensive, high-value-added business services against a backdrop

of significant inflation and talent pool availability issues. The main competitors were seen as India (24.1%), followed by Romania (15.8%), and the Philippines, Spain, and Portugal (each between 5.5 and 5.9%).

## ESG IMPERATIVE

Sustainability and ESG principles have become an important part of day-to-day business practice. ESG is becoming a part of the business "code of conduct", more intensively regulated in terms of requirements and reporting, and subscribing to the European Green Deal. Climate change, net-zero goals, a circular economy, gender pay gap, talent pool scarcity, diversity and inclusion, protecting human

rights in Global Value Chains (GVCs), data security, and employee wellbeing are part of a center's business reality. 73.5% of respondents had introduced a global/regional ESG strategy, while 8.4% had developed a local strategy. These results confirm the global character of the industry's operations in Poland. However, most respondents (57.3%) did not have ESG reporting resources within the center.

# GLOBAL TRENDS

## MARKET SIZE

Grand View Research (February 2024) estimated that the global BPO market size was USD 280.6 billion in 2023 and was projected to expand at a compound annual growth rate (CAGR) of 9.4%, reaching approx. USD 525.2 billion by 2030. According to IndustryARC, the market will reach USD 338.1 billion by 2025.

The outlook for the global industry in 2024 is generally favorable. Organizations will continue to focus on their core competencies, which will in turn, increase demand for outsourcing services. Companies are growing in accepting outsourcing, which stems from the benefits it has to offer.

## ACCELERATED BUSINESS TRANSFORMATION IN THE POST-COVID-ERA

COVID-19 was a major black swan event and a short-lived but fundamental shock to the global economy. Major GVC disruption that halted and transformed global business was predominantly connected with the strict initial reaction of authorities and unprecedented policy actions that were implemented in an attempt to combat its consequences. The industry proved to be more resilient to COVID-19 than many other services and manufacturing industry sectors. In the post-COVID era, we are still affected by its medium- and long-term consequences. Some parts of the industry, like IT/ITO, which actually thrived in COVID times, now have to restructure and potentially downsize due to overinvestment in order to reflect the true demand over the mid-run.

Additional geopolitical shocks and global accelerated rates in inflation, followed by harsh monetary conditions, do not help either. The pandemic resulted in the redefinition of work to a wider spectrum encompassing remote work (WFH), work from anywhere (WFA), and now hybrid (with partial RTO). It also affected workers' expectations and choices, making it difficult for many to return to offices despite the obvious advantages of collaborative tasks, and particularly in creative endeavors. At the same time, the pandemic sped up the adoption of IPA/RPA, with mean automation rates increasing. Advancements in AI technologies further accelerated this trend. The global RPA market was valued at USD 5.63 billion in 2023 and is expected with a yearly growth rate of 28.7% to be USD 54.57 billion by 2032 (Robotic Process

Automation Market Size, Report 2023-2032). According to Deloitte, 56% of GBS organizations had already implemented RPA and automation, and another 33% plan to implement it. At the same time, for 59% of the GBS organizations surveyed by Deloitte, RPA was a key transformation technology, making it the most desirable digital enabler. (2023 Global Shared Services and Outsourcing Survey Executive Summary, Deloitte)

Tougher macro-economic conditions nonetheless resulted in yet another wave of global business rationalization and cost-cutting optimization of processes, affecting transactional and more knowledge-intensive roles.

## EVOLVING SERVICES MODELS

Companies progressively leverage global, multifunctional, and hybrid working models to navigate tightening economic conditions. This shift is accompanied by an expansion in the traditional functional scope, accelerated digital capabilities such as automation and analytics, and a

pronounced customer-centric approach. Companies are transitioning from SSC and BPO models to Global Business Services (GBS) models so as to find new productivity levels and cost efficiency beyond simple centralization and labor arbitrage.

## CROSS-FUNCTIONAL OPTIMIZATION AND AUTOMATION

At the same time, there's a push towards end-to-end process improvements and a journey across functions rather than optimizations within silos. GBS facilitates the adoption of intelligent

automation. It streamlines the integration of smart processes under central governance, optimizing the investment in automation technologies and supporting a digital corporate culture.

# ACCELERATED BUSINESS MODEL TRANSFORMATION – WE ARE ON A NEW TECHNOLOGICAL CURVE

The industry is expanding in the scope and range of services on offer and is transforming. The pandemic proved to be a catalyst for business transformation. In the post-pandemic world, shaped by numerous shocks, the GenAI revolution has accelerated processes even further. According to a recent NBER Working Paper by Bonney et al. (April 2024), the use of AI in the US economy, in general, increased from 3.7% to 5.4%, with an expected rate of about 6.6% by early fall 2024. It is even higher for larger corporations. More complex and personalized services generate higher value-added aspects, representing operations of more complex processes requiring accelerated upskilling and reskilling. This, in turn, requires adjustment in the education system, including an even greater emphasis on STEM.

Transformation is a dynamic and evolving trend within the global business landscape to enhance efficiency, reduce costs, and improve service quality. It encompasses a broad range of strategies, technologies, and processes.

The GenAI era is heralding a significant transformation in business operations. It's moving organizations away from outdated models that are focused solely on obtaining simple cost efficiency and back-office tasks towards dynamic, AI-driven processes, allowing them to achieve greater efficiency and provide more complex processes. This shift is crucial for attracting and retaining talent in competitive industries, encouraging innovation, and maintaining relevance in rapidly evolving markets. GenAI's influence pushes businesses to adapt, fostering environments prioritizing agility, creativity, and strategic growth.

## DATA CENTRICITY

Access to high-quality digital data which is generated and maintained in modern systems and applications is critical in enabling its collection and analysis to provide real-time insights, reports, and dashboards. This capability enables more accurate and proactive business decisions, allowing GBS to play a greater role in making strategic business decisions and to further develop digital capabilities and analytical skills. The vast amounts of data require ever-increasing

storage potential and computing power as well as investment in modern, well-designed, and efficient data architecture which support the quality and integrity of datasets produced. These will be key to providing tailored and hyper-personalized services in the near future. At the same time in the genAI era, the quality of data the LLM algorithms are trained on becoming of even greater significance.



# GENAI/ADAPTIVE-AI – DRIVEN TRANSFORMATION

GenAI is here and is increasingly being used in Poland and globally. The adoption speed has been faster than expected, even more than last year's ABSL Strategic Industry Foresight Report stated. Although it is currently limited, it is already having an impact on jobs and is leading to job transformation.

**It's here, it's here to stay, and it is the new curve.** Either you embrace it, or you will quickly become obsolete. We are not talking about a mere increase in the reported automation rate of conducted processes (21.3% in this year's ABSL survey, with the median at 19%), or just another RPA/IPA tool. Its impact is much broader and indeed transformative.

GenAI is already transforming various roles in business operations, especially data analysis, customer service, content creation, and routine administrative tasks. By automating these functions, GenAI allows for more efficient data processing, personalized customer interactions, enhanced content generation, and streamlined administrative procedures, shifting job focus towards more strategic and creative tasks. It won't be an easy task, but considering AI's enhanced capabilities, the likelihood of true transformation is significantly higher than that of simpler IPA/RPA tools. Thus, it eliminates or transforms some of the existing roles and creates new AI-related jobs, particularly in fields requiring AI oversight, ethical considerations, and creative roles where AI can augment human creativity rather than replace it. AI regulation/compliance will become a field in itself.

We could therefore speak of AI-replaced, AI-transformed – AI-enhanced, AI-augmented and AI-integrated jobs. Some jobs will be eliminated, but this should be perceived as a process of creative reduction. The spectrum of jobs affected by GenAI will broaden significantly in the next five years.

Apart from GenAI, we will also utilize adaptive AI. Adaptive AI emphasizes learning from new data and situations after initial training and adjusts its actions or predictions accordingly. In other words, it dynamically adjusts its algorithms based on new data or changing environments, enhancing its decision-making and predictive abilities over time. It, for instance, adjusts itself to the data it is trained on to speed up and improve the learning process. It is seen in areas such as personalized content recommendation and adaptive learning systems; it could be one of the key aspects of the business transformation cube described in the ABSL Strategic Industry Foresight Report, impacting the choice of potential future business models of our centers.

**Adaptive AI models are commonly used in various business applications, such as:**

- » Dynamic pricing algorithms used by e-commerce platforms to adjust prices in real-time based on demand, competition, and customer behavior;
- » Personalized marketing, where AI adapts to user interactions to tailor marketing messages and recommendations;
- » Fraud detection systems in finance and banking, which learn from new fraudulent patterns to improve security measures;
- » Customer service chatbots that learn from interactions to provide more accurate responses and improve customer experience over time.

Adaptive AI is thus critical for the hyper-personalization of services and enhanced UX.

# GLOBAL BUSINESS SERVICES EVOLVING TO GENERATIVE BUSINESS SERVICES

The discussion led by Saurabh Gupta and Phil Fersht at Horses for Sources emphasizes the transition of Global Business Services (GBS) from its traditional cost-saving, back-office focus to **Generative Business Services, embracing generative AI to drive innovation and business growth**. This shift is driven by the limitations of the traditional GBS model in providing value

beyond cost savings and creating attractive career paths. **The emergence of generative AI is seen as a catalyst for GBS to evolve into a more dynamic, value-driven function that supports enterprise growth and innovation.**

GenAI will impact both GBS and all KIBS subsectors: IT/ITO, SSC/BPO, and even R&D center models.

# CLOUD TECHNOLOGIES AND CLOUD COMPUTING

One of the main drivers of the industry's development has been the adoption of cloud technologies and cloud computing, which offers several benefits (cost cuts, quality control, time to market, flexibility, scalability, and universal access). According to a recent report by Deloitte, 90% of organizations declared cloud computing to be a key facilitator of outsourcing. On the other hand, cloud computing does raise security concerns.

The cloud computing landscape is expected to be characterized by significant advancements and trends redefining how businesses leverage cloud technologies. The top trends include:

- » **AI as a Service (AlaaS):** AI continues to disrupt various industries, and through cloud platforms, AlaaS is expected to become widely accessible to organizations of all sizes. This trend underscores the cloud's role in democratizing access to AI technologies, enabling businesses to leverage advanced AI models without requiring substantial in-house resources.

- » **Hybrid and Multi-Cloud Strategies:** An increasing number of organizations are adopting hybrid and multi-cloud approaches to enhance flexibility and optimize costs despite the added complexity of legacy integration and data governance. This trend reflects the evolution towards more sophisticated cloud infrastructures that balance security with the need for agility.
- » **Edge Computing:** With the expected growth in the global edge computing market, this trend emphasizes the shift towards distributed computing to reduce latency, lower bandwidth costs, and improve overall performance.
- » **Quantum Computing:** Quantum computing is anticipated to make significant strides, with cloud platforms playing a crucial role in making quantum computing capabilities more accessible to a broader range of organizations.
- » **Serverless Computing:** The growth of serverless computing will continue, facilitating a more streamlined application

development and deployment approach.

This model allows developers to focus on writing code without managing the underlying infrastructure, and promote efficiency, scalability, and cost savings.

- » **Enhanced Focus on Cloud Security:** Security remains a top priority with the increasing data migration to the cloud. Advancements in encryption, AI-powered threat detection, and the adoption of security-by-design principles are expected to bolster cloud security measures, addressing the evolving landscape of cyber threats.

## ADDRESSING THE SKILLS SHORTAGE

As businesses rapidly integrate AI and other advanced technologies into their operations, the demand for skilled professionals in data analysis, AI, and cloud management is growing. This may lead to an increased reliance on managed services to fill the skills gap and ensure the effective use of cloud technologies. As the pandemic has shifted work patterns towards WFH/remote mode, the competition for the talent pool has become more global and is increasing nationally and internationally. It has led to the democratization

of employment opportunities and lowered geographical hurdles. **Talent pool shortage seems to be temporarily less of a problem (with the current wave of adjustments in headcount related to revised demand forecasts in major high and mid-range locations).** Still, it could also mean that the industry needs workers with a **modified skillset to grow further.** The pandemic has proven that virtual teams can be a viable alternative to physical office spaces, allowing for a more flexible approach to team composition and talent recruitment.

## DATA ANALYTICS AND DECISION-MAKING

Enhanced data analytics capabilities allow businesses to gain deeper insights into their operations, customer behaviors, and market trends. This drives better decision-making, enabling companies to tailor their services more effectively to meet client needs.

This calls for developing smart transformation strategies and investment in modern systems, applications, and solutions, enabling real-time access to large amounts of high-quality data.

## FOCUS ON CX

The different models increasingly emphasize improving customer experience (CX). Organizations are integrating CX design and management principles into their services

to ensure they meet and exceed customer expectations. Hyperpersonalization could be just around the corner.

## SUSTAINABILITY AND ESG INTEGRATION

Environmental, Social, and Governance (ESG) factors are becoming critical in business transformations. Companies are incorporating sustainable practices

into their operations and decision-making processes, reflecting the growing importance of social responsibility and environmental sustainability in business.

## SERVICE INTEGRATION AND MANAGEMENT (SIAM) AND TAILORING

There's a move towards more integrated service models that offer end-to-end solutions rather than isolated services. This requires a focus on service management and the ability to coordinate multiple service providers to deliver a cohesive service experience. At the same time, rather than offering generic services, providers are increasingly developing industry-specific solutions tailored to the unique challenges and requirements of different sectors. This approach enables them to offer more value and relevance to their clients. In the future,

there will be an expectation from GBS to provide fully integrated business services to their clients, which will also allow GBS to be a business in itself. For example, in many companies, a head of GBS is an integrator of all service providers. Their office (and therefore the entire office) is part of the business and headquarters, and not merely a GBS center. This is an opportunity for GBS to reach the next level of maturity, get closer to the business, and as a consequence, take on more global and business (budget) roles.

## INNOVATION AND CONTINUOUS IMPROVEMENT

There is a constant push for innovation and continuous improvement in operations. Organizations are adopting agile solutions and fostering a culture of innovation to stay ahead in a competitive and rapidly changing business environment. For these reasons, many

perceive a return to the office as indispensable. At the same time, open innovation models are thriving. The closer you are to the global technology frontier, the more significant the roles of innovation and strategic business sophistication are.

## CYBERSECURITY MEASURES

With the digitization of knowledge access, cybersecurity has become paramount. To protect sensitive data and infrastructure, businesses adopt novel solutions such as zero trust architecture, threat intelligence, identity and access management, biometrics,

and quantum cryptography (StartUs Insights). With the development of technology and the fact that GBS is a central unit for a company – the role of GBS support for security functions will increase.

## POTENTIAL CONSOLIDATION IN SEVERAL DIMENSIONS

Further consolidation is expected in the coming years. It will be propelled by:

- » demand for next-generation services;
- » geographic and linguistic diversity desired by fast-growing global brands;
- » and rising complexity of the services on offer.

EasySend is pointing to the consolidation of back and front-office outsourcing, as continuing digital transformation which is contributing to the elimination of siloes within organizations. Various processes have been separated and are becoming even more integrated/interrelated. The focus on data means that these procedures are crucial for core front-end processes. Digital transformation means that all of the processes are more intertwined as well as inseparable and are becoming an important part of the organization's goal: the ability to offer high-quality offers to customers.

## PARTNERSHIPS AND THE RISING ROLE OF KNOWLEDGE PROCESS OUTSOURCING

Partnerships, fostering innovativeness, sharing specialized/tacit knowledge, and new product/service development are beneficial. Partnership attitude also relates to cooperation between the centers and their clients. Centers are perceived less from a purely transactional perspective; they have become strategic, long-term partners. The cooperation of various business actors with centers brings improvements,

innovations, and shared success. This is reflected in the trend towards knowledge process outsourcing, KPO. According to CustomerServ, the global KPO sector will accelerate and reach \$90.5 billion between 2023 and 2027 (CAGR 15.5%). This segment is witnessing significant growth, driven by the demand for business intelligence, analytics tools, and specialized expertise in legal processes, financial services, and R&D.

Challenges such as workforce shortages, data security concerns, and rising real estate costs are addressed by shifting to cloud-based platforms and long-term investment strategies (Grand View Research).

Summing up, organizations that stay abreast of these developments and adapt their strategies accordingly will be well-positioned to leverage their full capabilities in innovative and efficient ways. Firms focused on defending current business models could quickly become obsolete.

## FACTORS DRIVING THE GROWTH AND TRANSFORMATION OF THE INDUSTRY INCLUDE:

- » the re-configuration of global economic activity due to strategic fragmentation (regionalization of GVC) affecting the internationalization of firms and their global business strategies;
- » a shift from offshoring towards backshoring, nearshoring, and, to a larger extent, friend-shoring (regionalization of VCs), stemming from geostrategic fragmentation and the increasing roles of security and proximity which boosts business resilience;
- » shifts in work patterns post-COVID (hybrid work, WFH, WFA), but now followed by more moderation and at least partial RTO;
- » growing demand for different types of technological knowledge, especially related to new technologies;
- » accelerated digital transformation now fueled by the GenAI revolution;
- » a growing demand for specialized knowledge and skills;
- » geostrategic and macroeconomic shocks.







# MACROECONOMIC TRENDS AND OUTLOOK

## GLOBAL PERSPECTIVE

The last five years in the global economy have been mainly driven by the outbreak of COVID-19 as well as the policy reaction to it and its consequences, with mid and long-term effects still having an impact today. At the same time, the Russian invasion of Ukraine and the subsequent and ongoing war, as well as other hotspots (e.g., the Middle East) plus potential hotspots, are not helping the global economy to return to a higher growth path. We live in VUCA (Volatility, Uncertainty, Complexity, Ambiguity) or even BANI (Brittle, Anxious, Non-linear, Incomprehensible) world of poly-crises and many unknowns (e.g., technological revolutions related to GenAI potentially leading in the longer term to, Artificial General Intelligence). In this uncertain world, our industry performs better, illustrating its overall resilience.

### SUBDUED GROWTH IN 2023

2023 proved to be yet another year full of major challenges. Global growth, nonetheless, proved to be robust, with lower energy prices and decreased GVC disruptions fueling an accelerated rate of disinflation.

In 2023, global growth slowed to its third-weakest rate in nearly three decades, overshadowed only by the Great Financial Crisis) and COVID-19-related global

recessions. It slowed to 2.6% in 2023 and only 1.5% in advanced states, with shallow recessions, e.g., in Germany, and growth of only 0.4% in the eurozone (EA). It is also worth noting that the UK found itself in a mild technical recession with negative YoY growth rates in Q3 and Q4 of 2023. Against this backdrop, Poland grew in 2023 by 1.0%, seeing two-quarters of a technical recession. However, the OECD stated in its recent outlook that indicators point to some moderation of growth. High-frequency activity indicators generally suggest a continuation of recent moderate growth. Across countries, there are clear signs of strong near-term momentum continue in India, relative weakness in Europe, and a slight uptick in near-term growth for the most of other major economies.

### GLOBAL TRADE FLAT IN 2023

Global trade in goods and services was virtually flat in 2023, growing by an estimated +0.2% – the slowest expansion outside global recessions in the past fifty years. The manufacturing sector shrank, echoing the sharp slowdown in global industrial production growth. This marked the first sustained contraction in manufacturing goods trade outside a worldwide recession in the past 20 years. At the same time, global growth in services trade slowed in the second half of 2023, following an initial rebound from the pandemic.

## GLOBAL FDI FLOWS GREW BY 3%

According to the Global Investment Trends Monitor of UNCTAD, global FDI grew by 3% in 2023, year on year, reaching USD 1.37 trillion. Economic uncertainty and higher interest rates did affect global investment. The increase in headline rates was largely due to higher values in a few European conduit economies; excluding these conduits, global FDI flows were 18% lower. In developed countries, FDI in the EU jumped from negative USD 150 billion in 2022 to positive USD 141 billion, mainly because of large swings in Luxembourg and the Netherlands. Excluding these two countries, inflows to the rest of the EU were down 23%, with declines in several large recipients. Inflows in other developed countries also stagnated, with zero growth in North America and declines elsewhere.

FDI flows to developing countries fell by 9%, to USD 841 billion, with declining or stagnating flows in most regions. FDI decreased by 12% in developing Asia and by one percent in Africa. It was stable in Latin America and the Caribbean while Central America bucked the trend.

## OUTLOOK FOR 2024

OECD Economic Outlook (Interim Report February 2024) puts projected global GDP growth for 2024 and 2025 at 2.9% and 3.0%, respectively. Projected G20 headline inflation in 2024 is forecast to fall to 6.6% in 2024 and 3.8% the following year.

According to the most recent edition of Global Economic Prospect of the World Bank, global growth is projected to reach 2.4% in 2024 (and 2.7% in '25), reflecting the lagging and ongoing effects of tight monetary policies, restrictive credit conditions and weak global trade and investments. Growth in the US is projected to fall in 2024 and 2025 to 1.6%

and 1.7%, respectively, but still set to be higher than that in the EA (0.7% and 1.6%, respectively).

In the IMF World Economic Outlook, global growth is projected to be 3.1% in 2024 and 3.2% in 2025, with the 2024 forecast improved on account of greater-than-expected resilience in the US and several large EMDEs, as well as fiscal support in China (0.7% higher than World Bank's projections). The IMF stresses, however, that the forecast for 2024-25 is still below the 2000-2019 average of 3.8 percent. This stems from elevated central bank policy rates related to inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. IMF states that a **soft landing is a possibility**. IMF projections are at the same time better (relative to the World Bank) for both the US (2.1% and 1.7%, respectively, in 2024-25) and EA (0.9% and 1.7%, respectively).

The global headline and core inflation decreased in 2023. Some factors that helped disinflation over the past year are dissipating or reversing, while others are vulnerable to geopolitics, extreme weather conditions related to climate change, or unpredictable events. Considering the aforementioned factors, it is too soon to declare the fight against inflation as over. A hawkish stance is dominating in H1 2024, and only in H2 can we expect some easing by the main central banks (considering the current situation). The markets foresee the first cut by the ECB to be in June and by FED in September. Still, interest rates will be elevated and thus will not help a global revival. Without further adverse supply shocks, cooling demand pressures should allow headline and core inflation to fall further in most economies. According to the IMF, global headline inflation will likely fall to 5.8% in 2024 and 4.4% in 2025. Nonetheless, it is still above central banks' typical policy targets (approx. 2%). By the end of 2025, inflation is projected to return to policy targets in most G20 countries.

## HEIGHTENED GEOPOLITICAL RISKS HAVE SIGNIFICANCE

Heightened geopolitical risks and uncertainty have a global impact, particularly in relation to the ongoing conflict in the Middle East following the terrorist attacks on Israel by Hamas, Houthis attacks against ships in the Red Sea, and potential escalation in the whole region on top of the ongoing war in Ukraine (impact on GVC disruption, oil prices, global transport costs).

The OECD stresses that further upside surprises in inflation could trigger sharp corrections in financial asset prices as market prices in policy rates may be higher for longer periods—risks to the global outlook predominate.

These may include:

- » a prolonged period of high policy rates (QT) – credit restraints cooling emerging recovery, in particular, if inflation proves to be more embedded or persistent or due to new price shocks;
- » prolonged war in Ukraine – a stalemate or escalation of the war (to the region);
- » escalation of Israel – Gaza conflict to the region/ outside of the region – ongoing (e.g., Suez Red Sea crisis, Pakistan – Iran missile exchange, Hormuz Strait tensions, attack on a US base in Jordan from Syria – Iran backed militia, an attack by Iran on Israel as a response to an attack on the Iranian consulate in Damascus);
- » acceleration in the ongoing strategic (geo) fragmentation leading to an increasing number of regionalized VCs;
- » rising tensions between the US (the West) and China;
- » potential conflict in the Taiwan Strait and other conflicts;
- » deeper crisis in the commercial real estate (CRE)/property market due to trigger events, e.g., China’s property market crisis (vide Evergrande);
- » deepening distress in the Chinese property sector or elsewhere;
- » surprising results of elections in key global players with populists/radicals coming to power (e.g., the US, Germany);
- » adverse climate events (adverse weather events, e.g., drought/cyclones/fires/floods) impacting global commodity and food prices;
- » impact of debt overhang on EMEDs and on global growth as well;
- » unknown impact of the AI revolution on the global economy and political scene.

# THE ECONOMIC SITUATION IN POLAND

According to the flash estimate provided by Statistics Poland, the seasonally unadjusted GDP in Q4 2023 increased in real terms by 1.0% year on year compared to an increase of 2.5% in the corresponding quarter of 2022 (roughly on a par with annual prices of the previous year). At the same time, seasonally adjusted GDP (in constant prices for the reference year of 2015) remained similar to that recorded in the previous quarter and was higher than the year before by 1.7%.

As we expected, the GDP of Poland showed two negative quarters, Q1 and Q2, in line with the projected slowdown (recession). Still, economic activity started to rebound in H2 2023, with economic growth gradually reviving. Overall, Poland grew by only 1.0% in 2023 but is likely to accelerate with growth above 2.6% and 3.6% in 2024-25, respectively, according to the World Bank, and 2.8% and 3.2%, respectively, according to IMF.

At the same time, the labor market remained tight, with the unemployment rate close to the natural unemployment rate and varying between 5.6 in February and 5.0 for five consecutive months before climbing to 5.1 in December. The last readout was for February 2024, with an unemployment rate of 5.4 (the same as in January), which is consistent with a general seasonal pattern. Employment levels are stable and mean nominal wages went up by 9.6% year over year in December 2023, which, for the first time in history, was above 8,000 PLN. In February 2024, it stood at 7,979 PLN. At the same time, in 2024, the minimum wage will increase twice. Up to PLN 4,242 (approximately PLN 3,221.98 net) from January 1, 2024, and to PLN 4,300 (approximately PLN 3,261.53 net) from July 1, 2024. Real wages are increasing, and as a consequence, boosting consumer confidence in the coming months.

Headline inflation in Poland peaked at 18.4% in February 2023 and fell to 6.2% in December 2023. In Q1 2024, disinflation continued, with CPI falling from 3.7% in January to 1.9% in March 2024. It is thus formally below the inflation target of 2.5%. However, this is transitory as inflation is likely to accelerate from 4.0 to 5.0%, mainly due to the reintroduction of VAT on foodstuff and lifting the controls on energy prices. Therefore, it is very unlikely that the NBP, presently taking a rather hawkish stance, will decide to lower the main reference rate from the current level of 575 bps till the end of 2024. The NBP will likely consider the steps the major central banks took that will likely lead to a cut in rates in the second half of 2024. The probability of loosening credit constraints will be significantly higher in 2025.

Core inflation (excluding the most volatile prices) is 4.5% (February 2024). It is worth stressing that PPI has been lower than CPI readouts since March 2023.

The NBP is maintaining the reference rate (minimum money market intervention rate) at 575 points, with the interest rates channel shaped by the deposit rate at 525 bp (floor) and the Lombard rate at 625 bp. The last two adjustments were introduced in September 2023 (cut by 75 bps) and October 2023 (cut by 25 bps).

WIBOR 3m is currently at 5.85 (WIBOR 6M at 5.86) – significantly below its peak in November 2022. Considering internal and external circumstances, the monetary policy is restrictive and will likely remain so in 2024.

Current and leading consumer confidence indices (Statistics Poland) are still negative but gradually improving and have been at their best levels in over three years.

## Macroeconomic trends and outlook

Overall growth prospects for Poland are finally improving after the slowdown in 2023. Poland grew by only 1.0% in 2023 but is likely to accelerate with growth above 2.6% & 3.6% in 2024-25, respectively, according to the World Bank, and 2.8% & 3.2%, respectively, according to IMF.

The most recent inflation report of the National Bank of Poland (March 2024) is more optimistic than the projections of the IMF or the World Bank. The projection for inflation and GDP based on the NECMOD model, prepared under the assumption of unchanged NBP interest rates, and taking into account data available until February 15, 2024, is that there is a 50-percent probability that the annual price growth will be in the range of 2.8 – 4.3% in 2024, 2.2 – 5.0% in 2025 and 1.5 – 4.3% in 2026. At the same time, regarding the annual GDP growth – according to the projection – there will be a 50-percent probability of it being in the range of 2.7 – 4.3% in 2024, 3.2 – 5.3% in 2025 and 2.0 – 4.5% in 2026. The NBP stresses that the inflation projection is associated with substantial uncertainty, particularly the horizon over which the shielding measures on energy and food prices will apply to their design. Due to the assumption that these measures will continue in their current form over the projection horizon, the balance of risk for inflation is markedly asymmetric, with upward deviation more likely than downward.

Adverse risks dominate the positive and weigh on the overall outlook. Potential hazards include in particular:

- » a re-escalation of systemic tensions in the global financial sector, with possible regional (global) contagion, potentially fueled by a still looming CRE crisis (e.g., the significant exposure of some US regional banks to CRE due to the structure of their balance sheets) with potential spillover;
  - » further shocks to key commodity prices due to global instability (tensions);
  - » a potential increase in inflation due to the lifting of the price restraint mechanism in the energy sector and the reintroduction of VAT on foodstuffs, thus delaying expansion in monetary policy;
  - » the true state of public finances faced with increased military spending;
  - » the unsettled political situation in Poland related to entrenched party polarization, confirmed by two elections in 2024 (local elections – April and elections to European Parliament – June) resulting in a challenging environment for cooperation on internal affairs between the President and the Government;
  - » unknown results of elections in key global states, including the US presidential elections (November), with an unknown impact on the stability of critical alliances.
- » a prolonged war (stalemate) or potential escalation of the war in Ukraine (unknown outcome), potential escalation of war beyond Ukraine, and potential geopolitical tensions in other regions;





# CONCEPT AND METHODOLOGY OF THE REPORT



## 201

The number of companies that participated in the ABSL nationwide survey in Q1 2024.



## 43.0%

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



## 195,392

The number of people employed by companies in Poland that participated in the 2024 ABSL survey.

“The Business Services Sector in Poland 2024” report aims to provide comprehensive insights into the activities of the BPO/SSC, GBS, and IT/ITO R&D service centers in Poland. It outlines the growth directions for the industry.

The report adopts a broad definition of the sector that includes the activities of business processes outsourcing (BPO), shared services (SSC), global business services (GBS), IT, and research & development (R&D) centers located in Poland, with employment of 25 people and more.

Its preparation was based on ABSL's internal database of business services centers in Poland (at present, the database contains information on over 1,900 centers located in Poland and is updated regularly by the ABSL BI team), as well as the results of the annual ABSL 2024 survey of managers.

The ABSL BI team conducted the survey using the CAWI (computer-assisted web interview) approach in January-March 2024 (we assume that the results reflect the state of the industry at the end of Q1 2024).

This year's survey was completed by managers of 201 companies employing 195,392 people in their business services centers in Poland, representing 43.0% of the sector's employment.

The ABSL 2024 report concerns modern business services centers (referred to as the industry/sector) whose parent companies have headquarters in Poland or abroad. Each entity was assigned to one of four primary types (BPO, SSC, GBS, IT, R&D), with its predominant profile of operations taken into account.



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 service centers were treated as separate units for analysis. Accepting the geographical 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.

As with the last edition, this year's report also considers all of the BPO and SSC/GBS centers where employment is lower than 25 people. While this concerns 156 entities, employing 2214 employees, these companies do constitute part of the industry'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 and figures in the report, they may add up to less than 100.0%.

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. Tricity means Gdańsk, Gdynia and Sopot.

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

This report could not have been prepared without the information obtained from the respondents to the ABSL survey across the country. We sincerely thank the company 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 want 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 ABSL annual reports – 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 center managers and new investors.

**ABSL BI team**

# ABBREVIATIONS

**ABSL** Association of Business Services Leaders

**AI** Artificial Intelligence

**AMER** North, Central, and South America

**APAC** Asia-Pacific

**BANI** Brittle, Anxious, Non-linear,  
Incomprehensible

**BI** Business Intelligence

**BCP** Business Continuity Plan

**BPO** Business Process Outsourcing

**CAGR** Compound Annual Growth Rate

**CEE** Central and Eastern Europe

**CoE** Center of Excellence

**DEI** Diversity, Equity, and Inclusion

**DIB** Diversity, Inclusion, and Belonging

**EMEA** Europe, Middle East, and Africa

**EMDEs** Emerging Market and Developing Economies

**ESG** Environmental, Social, and Governance

**EA** Euroarea/Eurozone

**EU** European Union

**F&A** Finance and Accounting

**FTE** Full Time Equivalent

**GBS** Global Business Services

**genAI** Generative Artificial Intelligence

**GDP** Gross Domestic Product

**GVCs** Global Value Chains

**IMF** International Monetary Found

**IPA** Intelligent Process Automation

**KIBS** Knowledge-Intensive Business Services

**KPO** Knowledge Processes Outsourcing

**LAC** Latin America and the Caribbean

**NATO** North Atlantic Treaty Organisation

**NLP** Natural Language Programming

**R&D** Research & Development

**RPA** Robotic Process Automation

**RTO** Return to Office

**SSC** Shared Services Center

**UN** United Nations

**VA** Value Added

**VC** Value Chain

**VDI** Virtual Desktop Infrastructure

**WFA** Work from Anywhere

**WFH** Work from Home

**VUCA** Volatility, Uncertainty, Complexity,  
and Ambiguity

**YoY** Year on Year

**QoQ** Quarter on Quarter

# POLAND – KEY FACTS



Poland is the sixth-largest economy in the EU 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 growth and development since its economic transformation in 1989. One of the essential branches of the contemporary Polish economy is the modern business services sector which continues to significantly expand, as evidenced by its rapidly growing share in employment and GDP.

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

Language: **Polish**

Currency: **Zloty (PLN)**

Number of cities with more than 100,000 inhabitants: **37**

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

**€ 747.8 billion**

GDP in nominal prices in 2023 (6<sup>th</sup> largest EU economy, EUROSTAT)

**+1.7%**

Population of Poland in 2023 (Statistics Poland), – 130.000 year on year

**5.4%**

Unemployment rate (February 2024, Statistics Poland)

**€ 19,800**

Nominal GDP per capita in 2023 (EUROSTAT)

**€ 14,700**

Real GDP per capita in 2023 (EUROSTAT)

**79.0%**

GDP per capita in PPS in 2022, in terms of the EU-27 average

**101.9**

Consumer price index (CPI) – March 2024 (year on year, Statistics Poland)

**44<sup>th</sup>**

World Talent Ranking 2023 (IMD World Competitiveness Center), 50<sup>th</sup> in 2022, +6 positions

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

Global Talent Competitiveness Index 2023 rankings (INSEAD), +2 positions

**43<sup>th</sup>**

in World Competitiveness Ranking (IMD World Competitiveness Center), 50<sup>th</sup> in 2022, +7 positions

**\$ 269.8 billion**

Value of inward FDI stock in Poland at the end of 2022 (UNCTADStat)

**\$ 29.5 billion**

FDI inflows at the end of 2022 (UNCTADStat)

**PLN 4.3480**

EUR exchange rate at the end of 2023 (NBP)

**PLN 3.3950**

USD exchange rate at the end of 2023 (NBP)

# 1 STATE OF THE MODERN BUSINESS SERVICES SECTOR IN POLAND AT THE END OF Q1 2024

## OVERALL CHARACTERISTICS OF THE INDUSTRY

At the end of Q1 2024, more than 1,941 business services centers (+138 YoY), representing 1,167 companies (+61 YoY), were operating in the industry in Poland, comprising BPO, SSC/GBS, IT, and R&D entities. They employed 457,100 people (3.8% more than the previous year). Fifty-six centers were established in 2023, with four being established in Q1 2024.

As in previous years, foreign-owned centers dominated new investments in 2023 and 2024 (91.7%). New centers, established in 2023 and Q1 2024, created 4,860 jobs.

Foreign-owned centers created 96.4% of the total employment in these new centers. 57.8% of the new jobs were created in Tier 1 cities, 31.6% in Tier 2 cities, 3.3% in Tier 3 locations, and 7.3% in Tier 4.

The most significant number of new centers were established in Poznań, Wrocław, and Kraków. In terms of jobs created by new centers, the top three destinations were Kraków (26.3% share in work generated by new centers), Wrocław (21.8%), and Poznań (12.1%).

Compared with previous reports, we observe the continued dominance of Tier 1 cities over other locations in terms of new jobs created. The number of new centers established in 2023 and Q1 2024 was almost equal for Tier 1 cities (27 centers) and Tier 2 (26).

FIGURE 1.1

## THE MODERN BUSINESS SERVICES SECTOR IN POLAND IN NUMBERS

**457,100**

The total number of jobs in the modern business services centers; 381,900 (83.5%) are in foreign-owned centers.

**7.0%**

The share of the industry in the total employment in the enterprise sector in Poland (6.7% in 2023).

**5.3%**

The estimated share of the industry in the GDP of Poland in 2024.

**60**

The number of business services centers that began operations in Poland from the beginning of 2023 till the end of Q1 2024. New investments (in 2023 and Q1 2024) have already generated 4,860 new jobs.

**90**

The number of business services centers with at least 1,000 employees (86 in the previous year).

**\$ 59,300**

Mean exports per worker in the industry's centers at the end of 2023 (63,500 – estimate for 2024).

**15.2%**

The share of foreigners employed in the sector.

**\$ 36.8 billion**

Value of knowledge-intensive business services exports in 2023.

**52.9%**

Share of mid-office process work in the industry's centers at the end of Q1 2024.

**55.5%**

Share of knowledge-intensive work in the industry's centers at the end of Q1 2024.

**21.2%**

Mean reported automation rate at the end of Q1 2024.

**47**

The number of countries from which centers operating in Poland originate (44 in the previous year).

**1,941 centers  
of 1,167 firms**

The number of modern business services centers in Poland.

**12.7 million m<sup>2</sup>**

The total modern office stock in the nine major markets at the beginning of 2024.

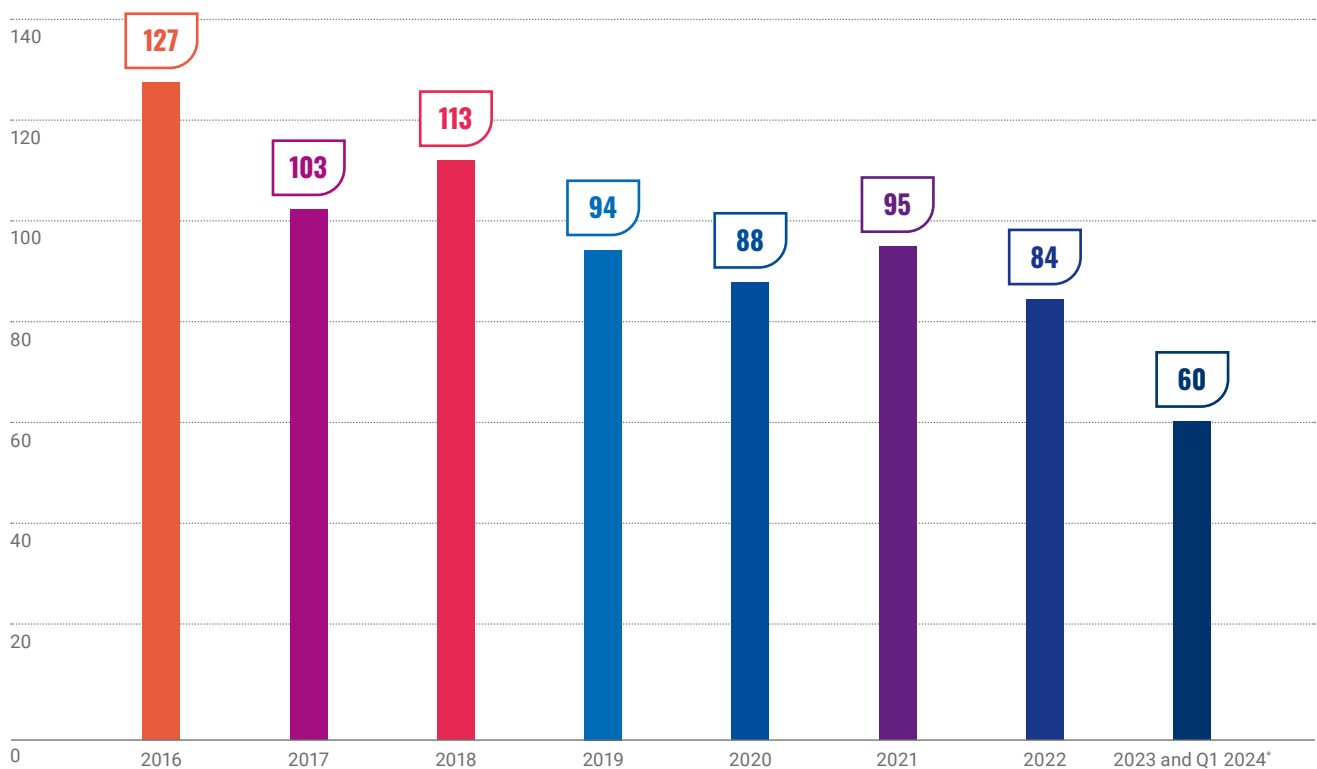
State of the modern business services sector  
in Poland at the end of Q1 2024

### CLASSIFICATION OF CITIES AND METROPOLITAN AREAS ACCORDING TO ABSL

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

**FIGURE 1.2**

NUMBER OF ACTIVE CENTERS OPENED BY DATE OF ESTABLISHMENT – AT THE END OF Q1 2024



\* The data for 2023 & 2024 reflects information available at the end of Q1 2024.

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

The number of centers in Poland continues to grow. However, there is a declining trend in the number of new centers established each year. 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 growth trend.

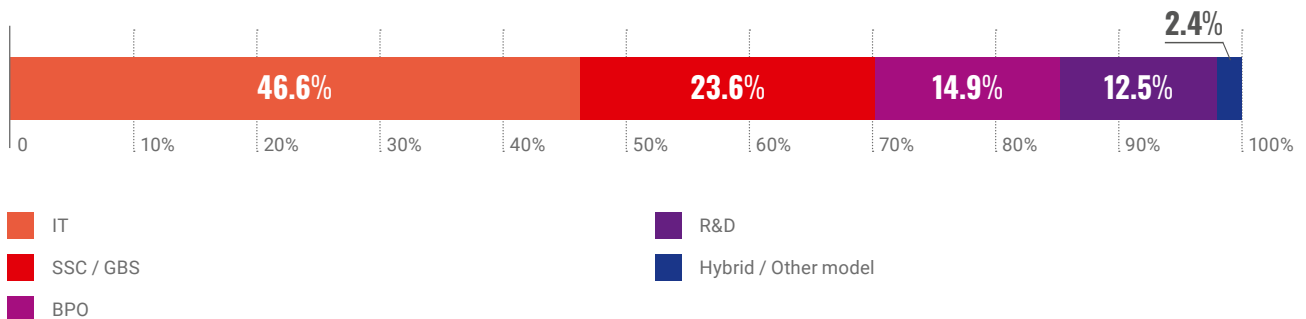
Growth in the number of centers occurred in two waves – the first after Poland gained accession to the European Union and the second following the global financial crisis of 2008 – when international corporations wanted to optimize their costs by outsourcing certain aspects of their activities on a larger scale. The peak year for growth was 2015 (136 new establishments).

According to the ABSL database, 61 centers ceased their operations in Poland or were taken over by other companies as a result of regional or global M&As.

Most firms at the end of Q1 2024 operated just one center in Poland (72.9%). 13.8% had two centers, with 10.1% of firms operating three to five centers nationwide. Only 0.7% of respondents ran ten centers or more, which were often of different types. The leader in these statistics operated 24 centers in Poland. An IT center was the most frequent type of center in the ABSL database (46.6%), followed by SSC/GBS centers (23.6%) and BPO centers (14.9%). R&D centers were responsible for a further 12.5%. The smallest share, as before, was claimed by hybrid/other model centers (2.4%).

**FIGURE 1.3**

DISTRIBUTION OF THE NUMBER OF CENTERS BY TYPE (%)



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



State of the modern business services sector in Poland at the end of Q1 2024

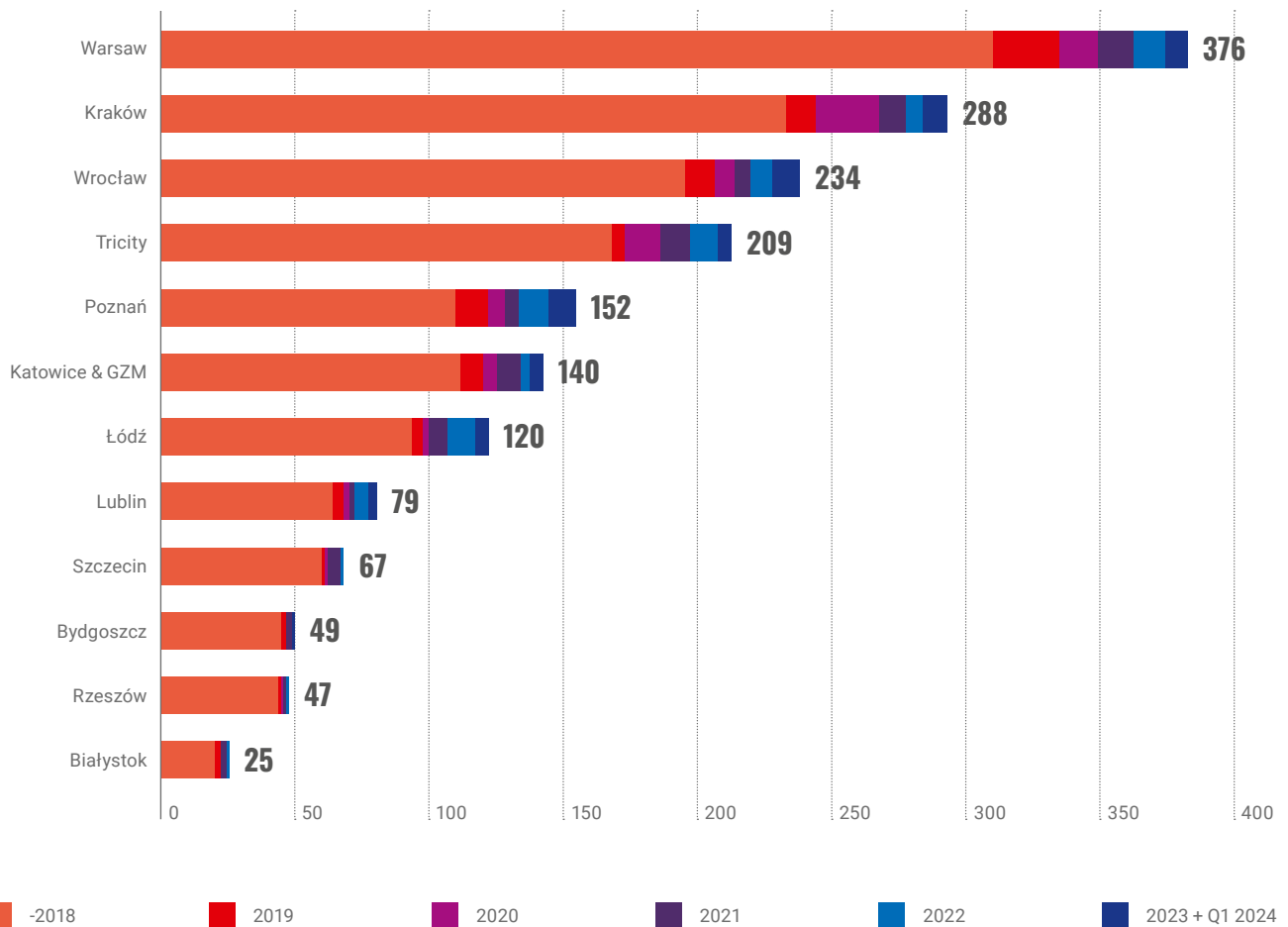
## NUMBER OF CENTERS AND STRUCTURE OF NEW INVESTMENTS

Warsaw still leads in terms of the number of active business services centers at the end of Q1 2024 (376 centers). Locations with at least 200 centers include Kraków (288), Wrocław (234), and Tricity (209). Poznań (152), Katowice & GZM (140) & Łódź (120)

are all above the 100 center mark. The number of active centers is significantly lower in Tier 3 (with Lublin – 79, Szczecin – 67, Bydgoszcz – 49, and Rzeszów – 47) and Tier 4 cities.

**FIGURE 1.4**

NUMBER OF CENTERS IN THE MOST IMPORTANT LOCATIONS IN POLAND AT THE END OF Q1 2024 BY YEAR OF ESTABLISHMENT



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

From the beginning of 2023 to the end of Q1 2024, most new centers were opened in Poznań and Wrocław (11 each), Kraków (nine), and Warsaw (eight). Five centers each were opened in Tricity, GZM & Katowice, and Łódź; three in Lublin, one each in Bielsko-Biała, Bydgoszcz, Elbląg, and Toruń. In total, 60 new centers have been opened since the beginning of 2023.

Investors still prefer existing Tier 1 (Warsaw, Kraków, Wrocław) locations – 28 investments and Tier 2 locations (the Tricity, Katowice & GZM, Łódź, and Poznań) – 26 investments as places for new investments, and in particular for first-time investments in Poland. The changes in the number of centers do not fully reflect the changes in total employment due to differences in the size of centers and firms' strategies.

2020 saw new centers opened in 17 locations, with 13 in 2021 and eight locations in 2022. This year, new centers were established in 12 locations.

New investors have played a pivotal role in job creation, adding 4,860 new positions (compared to 3,440 in the previous year), marking a significant 40% YoY increase. These new centers have contributed to approximately 29.3% of the industry's total employment growth, a substantial increase from the 10.5% recorded last year.

From 2023 to Q1 2024, the majority of new investments were made in the IT (40.0%), followed by SSC/GBS (31.7%), BPO, and R&D (13.3% each).

In terms of employment, SSC/GBS centers led the way, accounting for the most jobs created (32.6%), followed by IT (27.7%), BPO (19.2%), and R&D (19.0%).

The average headcount of newly established centers declared was 81 (201 in the prior year).

New investors in the sector in Poland came from 16 countries (13 countries in the previous edition of the report), with Polish investors having an 8% share.

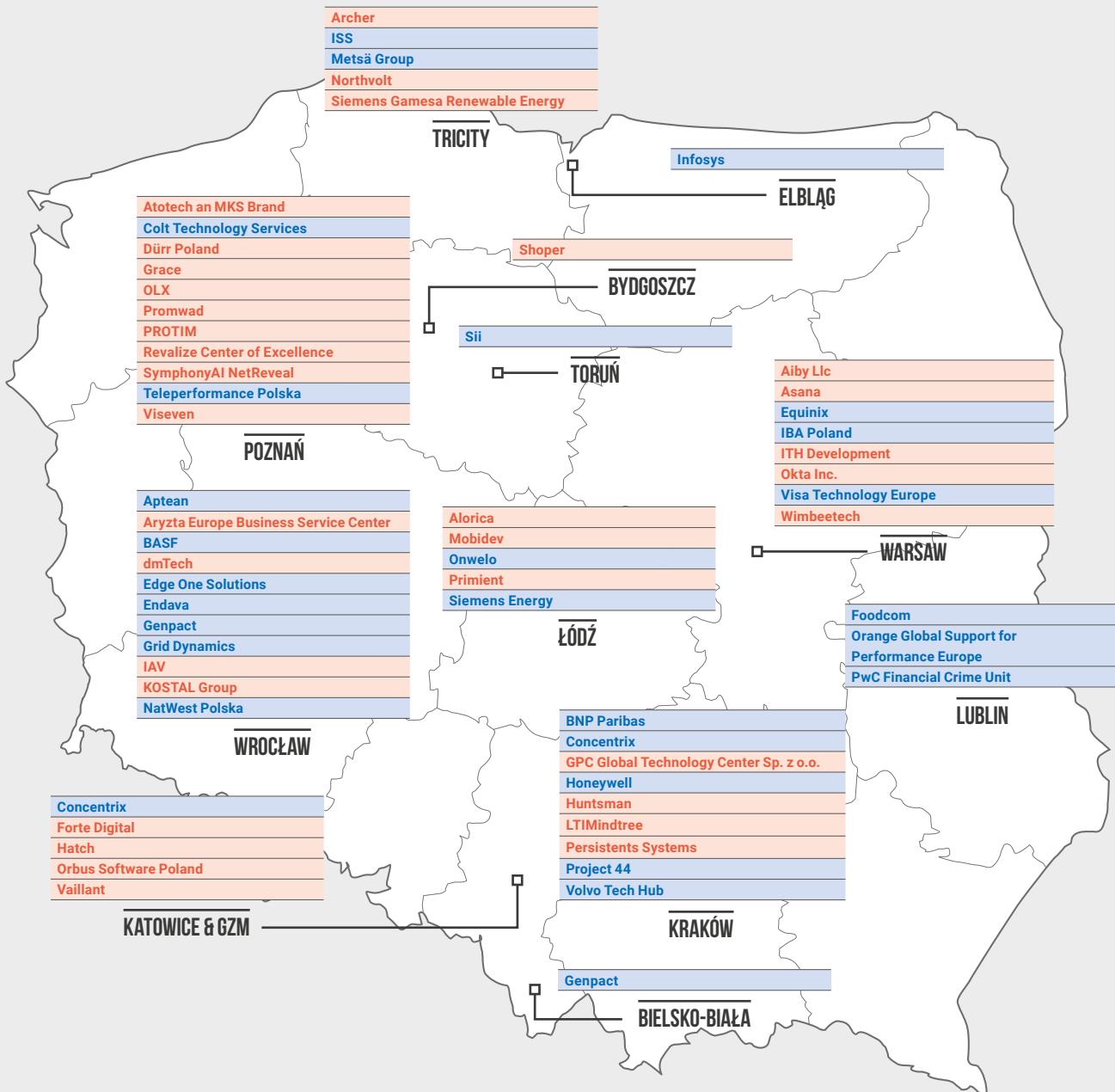
New centers established from the beginning of 2023 until the end of Q1 2024 were mainly established by US investors (22.0%), ahead of German (7%), and French, Polish, and British (5.0% each).

Regarding employment numbers, new US investors created 2,105 jobs – more than one-third of the total increase in the industry (37.0%), followed by German (12.0%) and French, Polish, and British (8.0% each).

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.5**

EXAMPLES OF NEW INVESTMENT IN PARTICULAR BUSINESS SERVICES LOCATIONS IN POLAND (2023 AND Q1 2024)



- New investors = first business services center established 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



**\$ 36.8 billion**

The estimated overall value of KIBS exports in 2023 (USD 30.0 billion in 2022).



**20.0%**

CAGR for overall exports of KIBS in 2005-2023 (CAGR for imports 14.3%).



**22.9%**

The estimated increase in the value of KIBS exports in 2023 YoY (13.7% in 2022).



**\$ 63,500**

Estimated mean export per worker in the industry at the end of 2024 (59 300 USD at the end of 2023).



**\$ 15.2 billion**

The estimated surplus in the trade of Poland's KIBS in 2023 (12.5 billion in 2022).



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

Export destinations with a value exceeding USD two billion.

Our sector is one of the principal drivers of Poland's contemporary export potential. It is highly internationalized, clearly export-oriented, and integral to the global economy. The key driver of firms in the sector's exports is their superior productivity. Foreign ownership also matters as it provides experience servicing clients from foreign markets. Overall, most firms (centers) are so-called superstar firms.

The ability to export and thus compete in international markets is mainly a function of firms' productivity (Melitz, 2003).<sup>1</sup> Numerous empirical studies show that exporters are more productive than non-exporters,

and the more productive firms self-select into export markets. Exporting per se does not necessarily improve productivity (no learning by exporting effect).

Mayer & Ottaviano (2008), analyzing a panel of European firms, showed that internationalized firms are superstars (they are rare – "happy few" and their distribution is highly skewed – few firms are responsible for most of the export potential – exports are concentrated), exporters differ from non-exporters – on average they are bigger, generate higher added value, pay higher wages, employ more capital per worker, employ more skilled workers and have higher productivity.<sup>2</sup>

<sup>1</sup> Melitz, M. J. (2003). The impact of trade on intra-industry reallocations and aggregate industry productivity. *Econometrica*, 71(6), 1695-1725.

<sup>2</sup> Mayer, T., & Ottaviano, G. I. (2008). The happy few: the internationalization of European firms: new facts based on firm-level evidence. *Intereconomics*, 43(3), 135-148.

State of the modern business services sector in Poland at the end of Q1 2024

The industry's centers differ from the overall population of Polish firms in this respect. Their activity is strongly export-oriented, as their clients, both internal and external, are predominantly foreign:

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 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.

It required assigning sector activity classifications from NACE rev. 2 to the EBOPS classification used in the TiSMoS database. The definition of KIBS needs to be clarified.

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 2018-2023 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.

As of the end of 2023, estimates show that the overall value of KIBS' imports equaled USD 21.6 billion, and exports was USD 36.8 billion. Year-on-year exports increased by 22.9% and imports by 23.5% (13.7% & 16.3% in 2022, respectively). The surplus in KIBS trade surpassed 15.2 USD billion (12.5 billion in 2021).

The KIBS sector has generated a clear surplus since 2008 and has been constantly growing; it exceeded the USD 10.0 threshold for the first time in 2021.

Despite the slowdown in the global economy in 2022 and flat global trade growth in 2023, the third year of the full-scale war in Poland's proximity, financial turmoil in Q1 2023 related to the US regional bank crisis, partial contagion and the forced sudden takeover of Credit Suisse by UBS, the export potential of the industry in Poland is growing robustly, which illustrates its competitive edge, productivity, and resilience.

We estimate the share of business services centers analyzed in the report in Poland's overall KIBS industry's export value to be at least 70.0%.

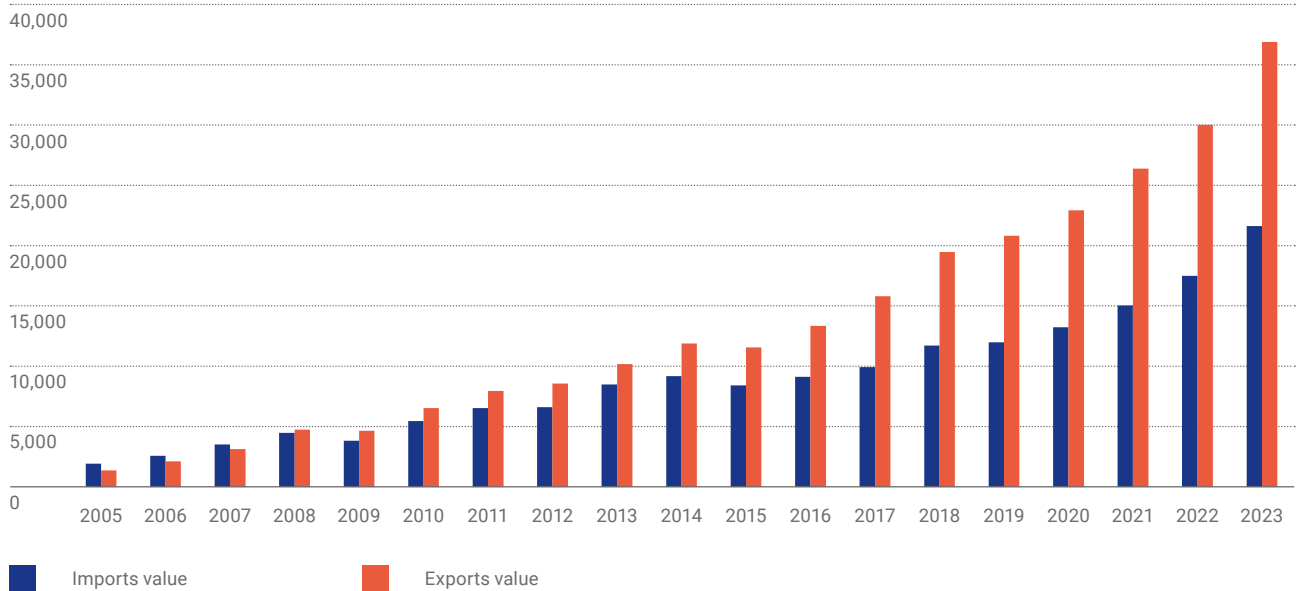
In 2005, the year after Poland's EU accession, KIBS provided 7.7% of the value of exports of commercial services from Poland (26.9% in 2017, 27.5% in 2019). In 2022, the share went up, according to our estimates, to 31.3%. In 2023, a very good year for the sector, KIBS' share increased to 34.1%.

The CAGR for Poland's overall exports of commercial services from 2005 to 2023 is 10.4%. The CAGR for exports of KIBS over the same period was 20.0%—nearly double the overall amount for commercial services.

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

**FIGURE 1.6**

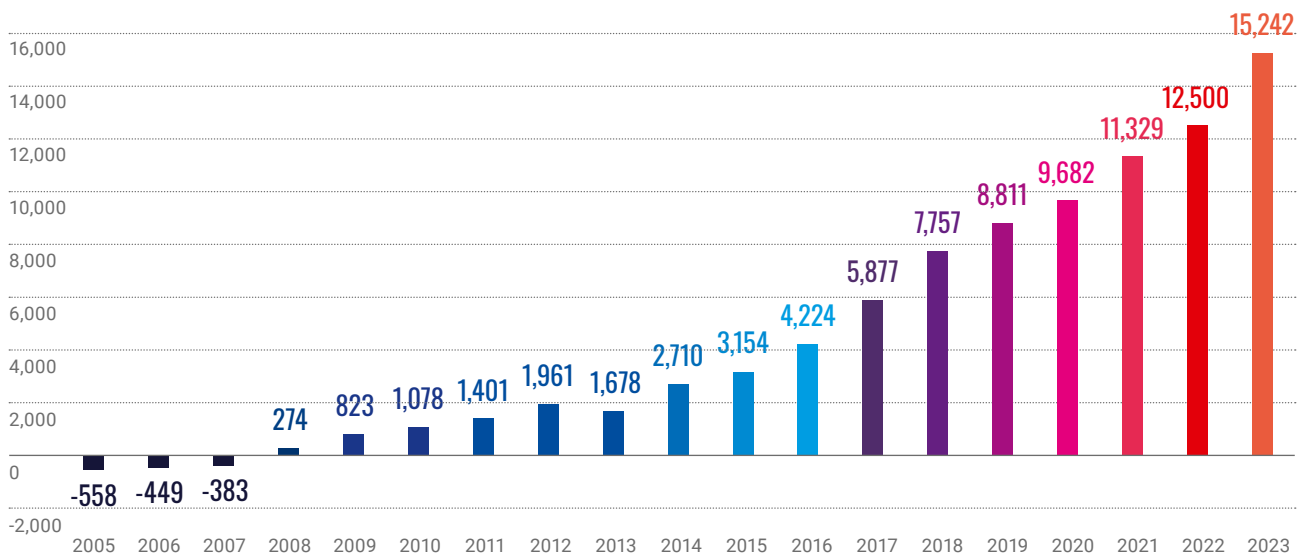
THE VALUE OF POLAND'S EXPORTS AND IMPORTS OF KNOWLEDGE-INTENSIVE BUSINESS SERVICES (USD MILLION)



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

**FIGURE 1.7**

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



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

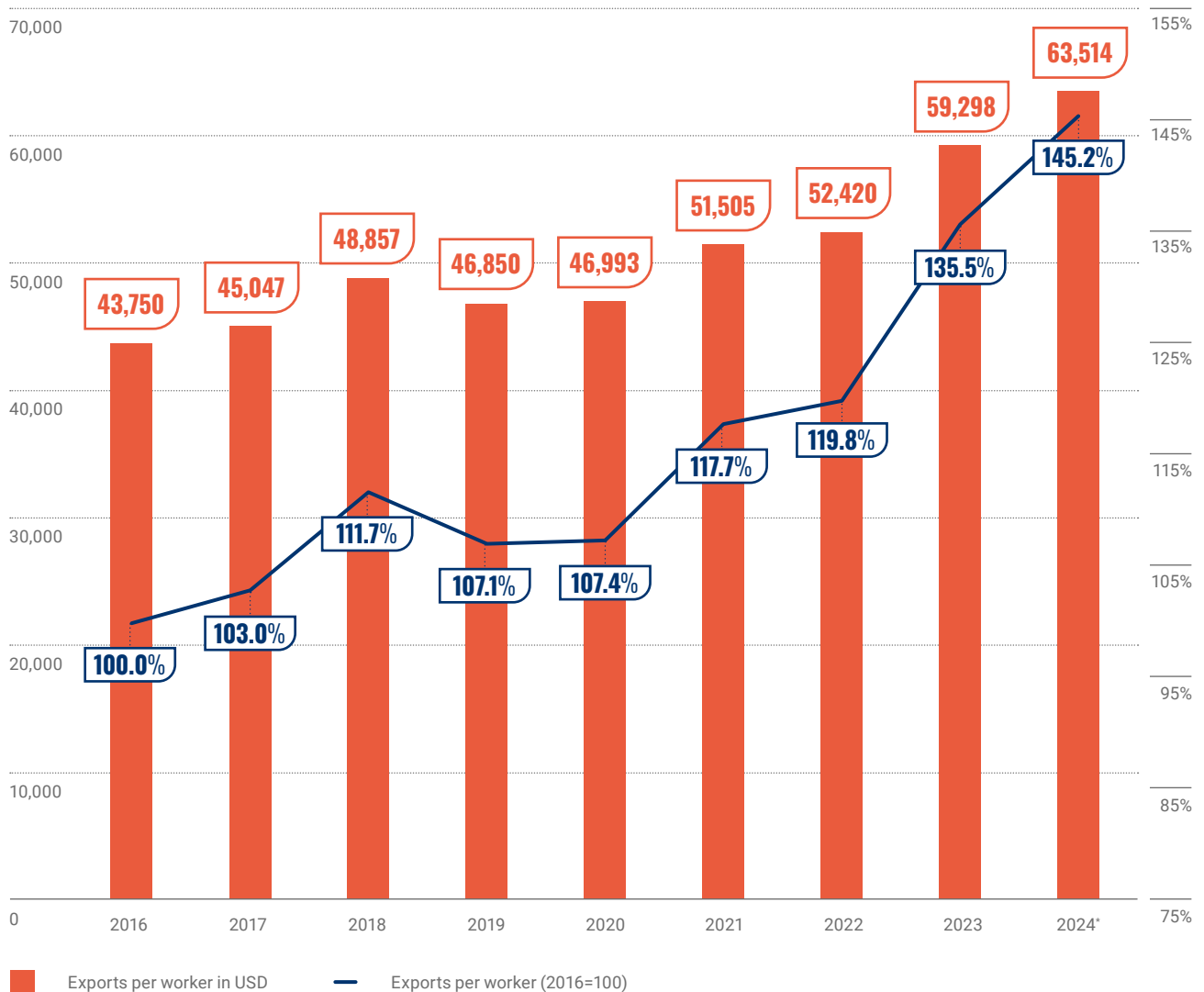
State of the modern business services sector  
in Poland at the end of Q1 2024

Considering productivity's role as a driver of export potential, we present for the second time, statistics on the estimated proxy of productivity within the industry, which is the estimated mean export per worker in the sector's centers.

ABSL estimate for Q1 2023 showed that mean exports per worker exceeded USD 53,000 and grew by an impressive 21.1% since 2016. By the end of 2023, it stood at USD 59,298 (a growth of 35.5% since 2016). For the end of 2024, we estimate it will be USD 63,500 (a 45.2% increase since 2016).

**FIGURE 1.8**

EXPORTS PER WORKER IN THE INDUSTRY (2016-2024)



\* Estimates.

Source: ABSL estimates based on NBP balance of payments data & ABSL dataset on centers



# FOREIGN-OWNED INVESTMENTS, COUNTRIES OF ORIGIN

 **3.5%**

The employment growth in foreign-owned centers located in Poland (Q1 2023 / Q1 2024).

 **381,900**

Employment in foreign-owned centers in Poland at the end of Q1 2024.

 **83.5%**

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



**129,500+**

Employment in the centers owned by American investors (share of American companies in new investments generated employment in 2023 and Q1 2024 was 43.3%).



**47**

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

The 1,353 foreign-owned centers in Poland employ 381,900 people (Q1 2024). Foreign-owned centers are defined as those centers controlled by a foreign investor. At the end of Q1 2024, foreign-owned investors accounted for 83.5% of the jobs in the sector (no change YoY) and managed 69.7% of the total number of business services centers in Poland. From Q1 2023 to Q1 2024, foreign-owned companies created 12,800 new jobs (compared to 35,900 in the previous year). Employment growth was 3.5% in foreign-owned centers between Q1 2023 and Q1 2024 (compared to 5.3% in Polish-owned centers). From the beginning of 2014 till the end of Q1 2024, the CAGR for employment in centers owned by foreign investors in Poland was 12.4%.

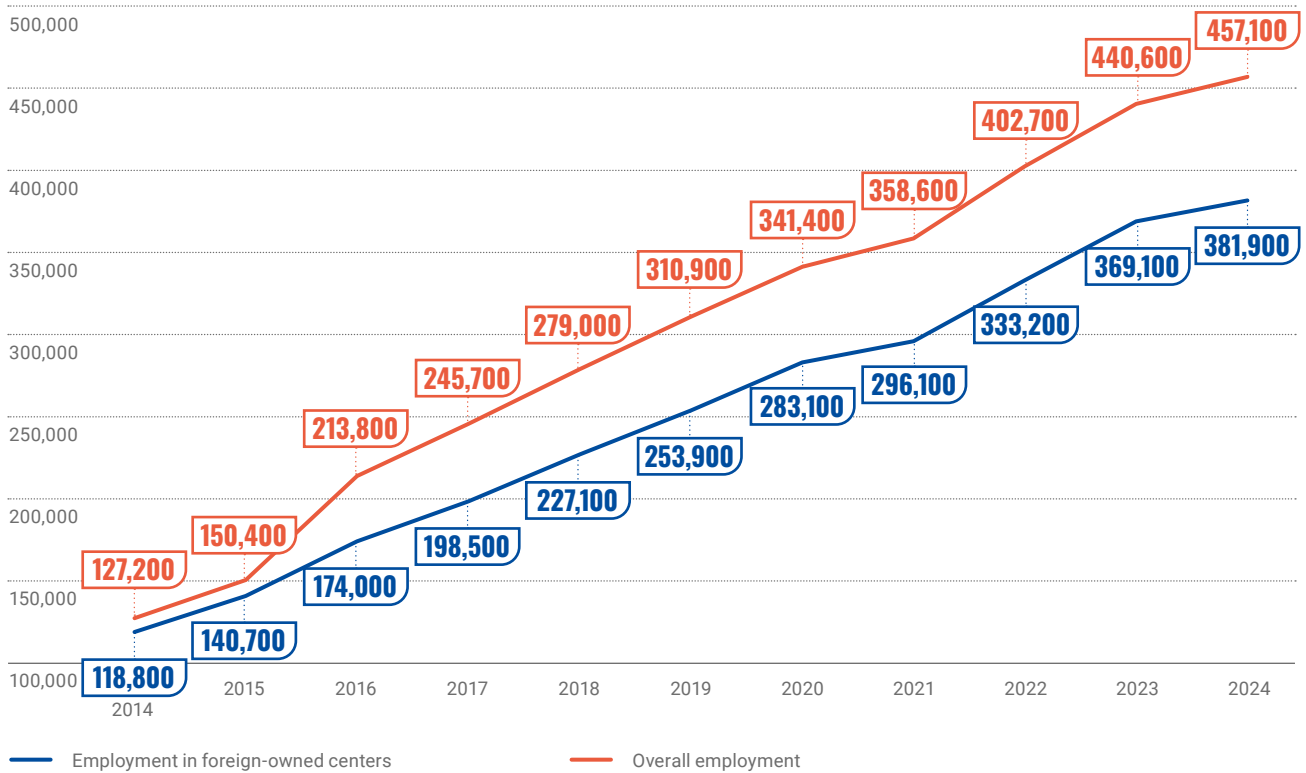
The centers with headquarters in the US (56.3%), UK (18.2%), Germany (14.2%), Denmark (7.6%), and Sweden (5.1%) contributed the most to the total increase of 12,800 jobs in 2023/2024. It is worth emphasizing that employment went down YoY in Swiss, Irish, and Ukrainian companies which were present in the Polish market.

The figures for previous years concerning the headcount and the number of centers were verified by ABSL's current best knowledge. When updating the data, we also took into account differences resulting from changes in ownership and several investors terminating their operations in Poland.

State of the modern business services sector  
in Poland at the end of Q1 2024

**FIGURE 1.9**

EMPLOYMENT IN FOREIGN-OWNED CENTERS IN POLAND (2014-2024)



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

**TABLE 1.1**

EMPLOYMENT AND NUMBER OF CENTERS ESTABLISHED IN 2023 AND Q1 2024 (BY COUNTRIES WHERE HEADQUARTERS ARE LOCATED)

Country of origin	Employment	No. of centers
United States	2,105	22
India	640	3
Germany	520	7
France	269	5
United Kingdom	231	5
Others	1,095	18
<b>Overall</b>	<b>4,860</b>	<b>60</b>

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

**TABLE 1.2**

EMPLOYMENT IN THE INDUSTRY AND THE NUMBER OF CENTERS BY COUNTRY OF ORIGIN (2024)

Country (or region) of origin	Employment	Share in overall employment (%)	No. of centers	Share in the number of centers (%)
United States	129,470	28.3	396	20.4
Poland	75,282	16.5	588	30.3
United Kingdom	48,329	10.6	160	8.2
France	43,322	9.5	122	6.3
Nordic countries*	40,210	8.8	176	9.1
Germany	35,745	7.8	164	8.4
Asian countries**	22,702	5.0	93	4.8
Netherlands	18,773	4.1	53	2.7
Switzerland	18,130	4.0	56	2.9
Ireland	10,371	2.3	28	1.4
Other European***	2,956	0.6	29	1.5
Belgium	1,939	0.4	14	0.7
Spain	1,880	0.4	9	0.5
Ukraine	1,802	0.4	13	0.7
Italy	1,500	0.3	8	0.4
Canada	1,475	0.3	10	0.5
Luxembourg	1,320	0.3	7	0.4
Austria	1,062	0.2	5	0.3
Other non-European****	832	0.2	10	0.5
<b>Overall</b>	<b>457,100</b>	<b>100</b>	<b>1,941</b>	<b>100</b>

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

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

\*\*\* Other European: Belarus, Bulgaria, Czechia, Estonia, Greece, Hungary, Iceland, Malta, Portugal, Romania, Russia, Slovakia, and Slovenia.

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

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

State of the modern business services sector in Poland at the end of Q1 2024

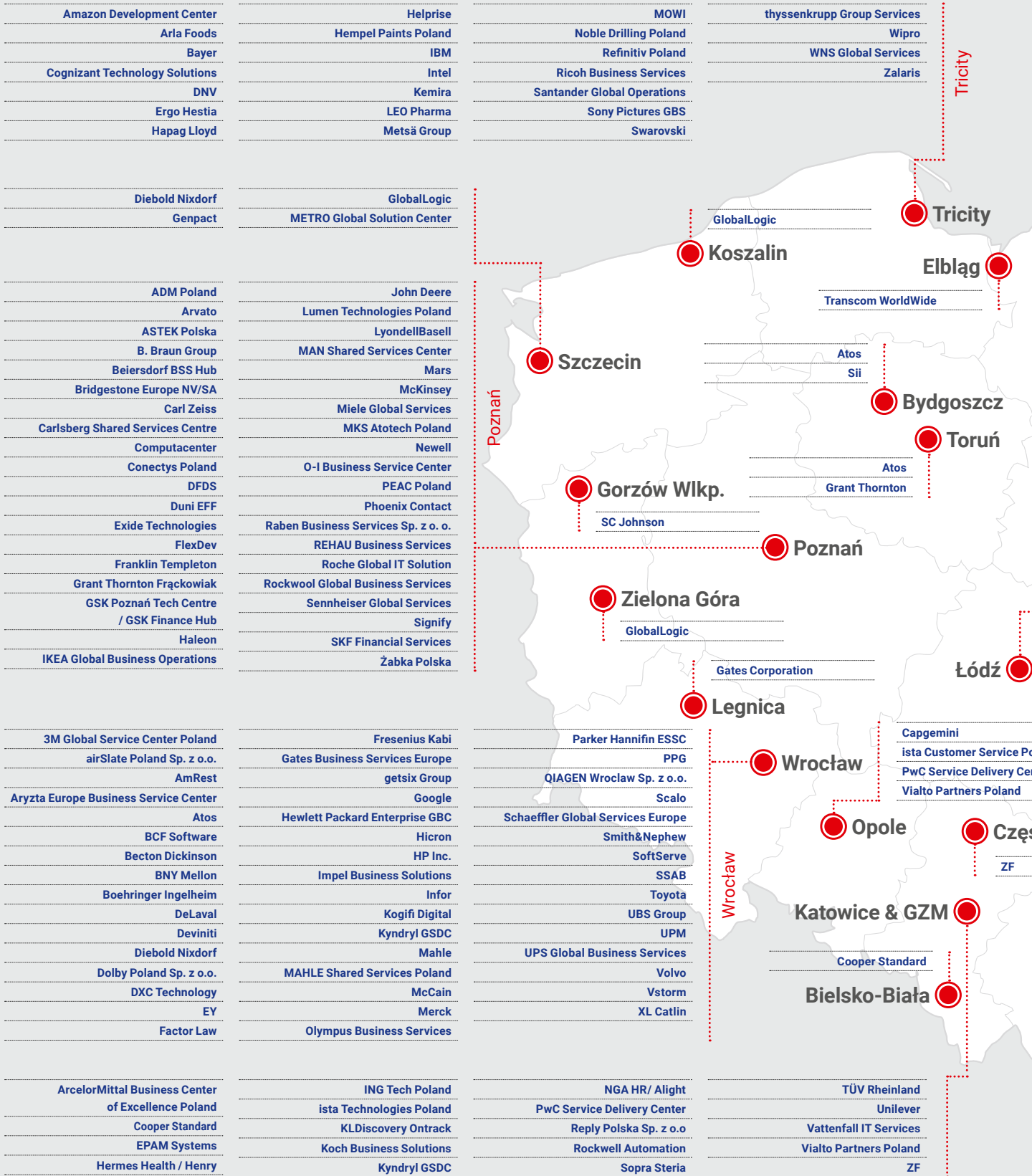
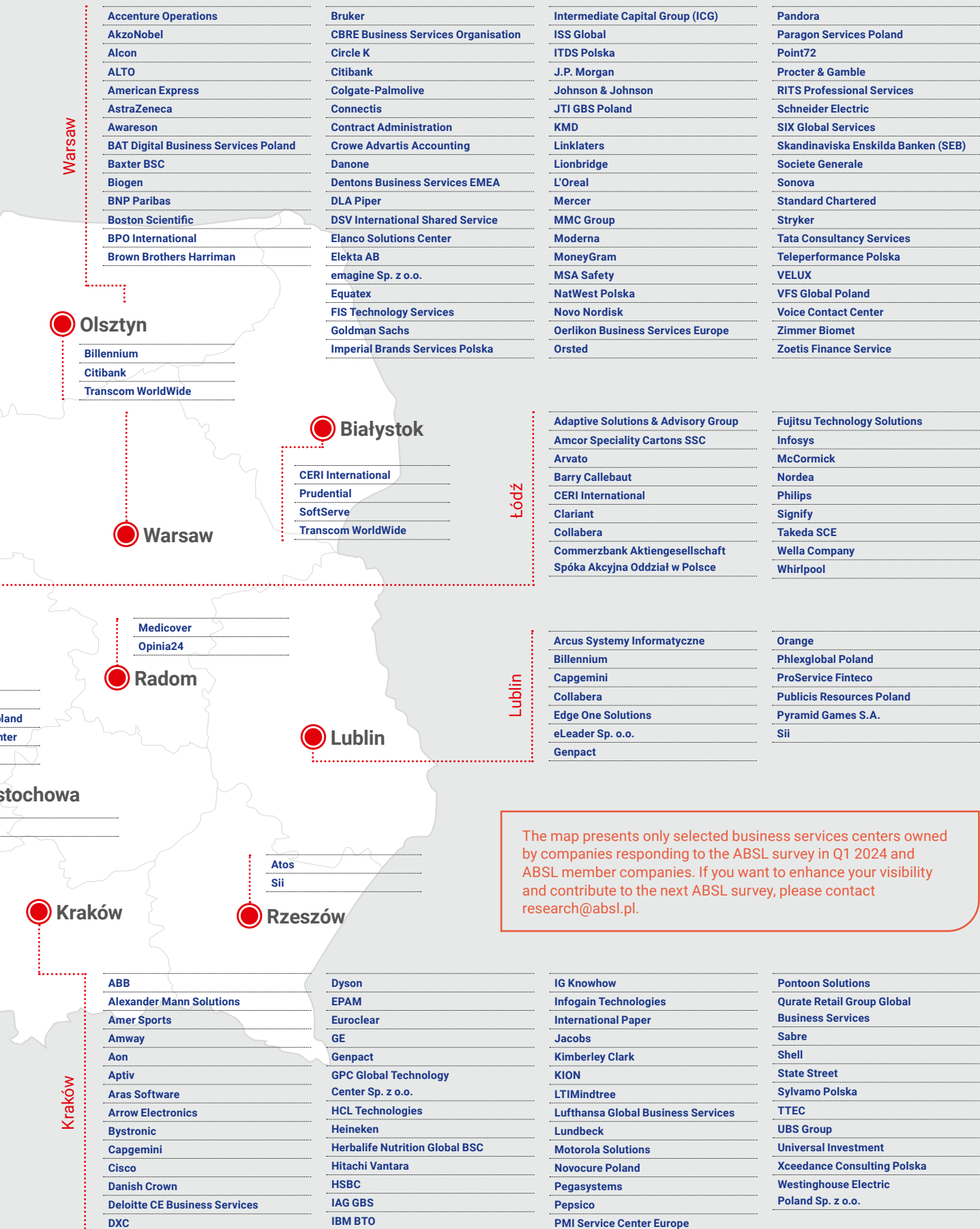


FIGURE 1.10

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

State of the modern business services sector in Poland at the end of Q1 2024



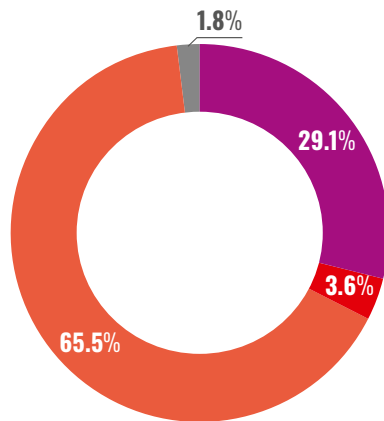
The map presents only selected business services centers owned by companies responding to the ABSL survey in Q1 2024 and ABSL member companies. If you want to enhance your visibility and contribute to the next ABSL survey, please contact [research@absl.pl](mailto:research@absl.pl).

State of the modern business services sector  
in Poland at the end of Q1 2024

## SERVICES PROVIDED AND OPERATING MODELS

**FIGURE 1.11**

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

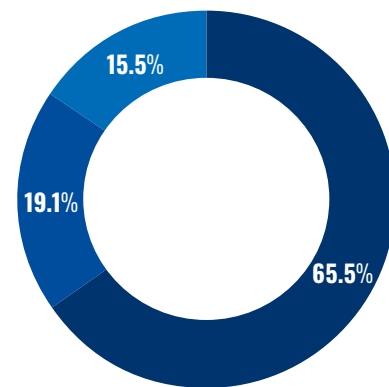


- GBS (could be single or multi function)
- Single-function (i.e., only one function e.g., only F&A)
- Multi-function (i.e., more than one function e.g., F&A + IT + HR)
- Other

Source: ABSL's analysis based on the results of the survey (N=110)

**FIGURE 1.12**

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



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

Source: ABSL's analysis based on the results of the survey (N=110)

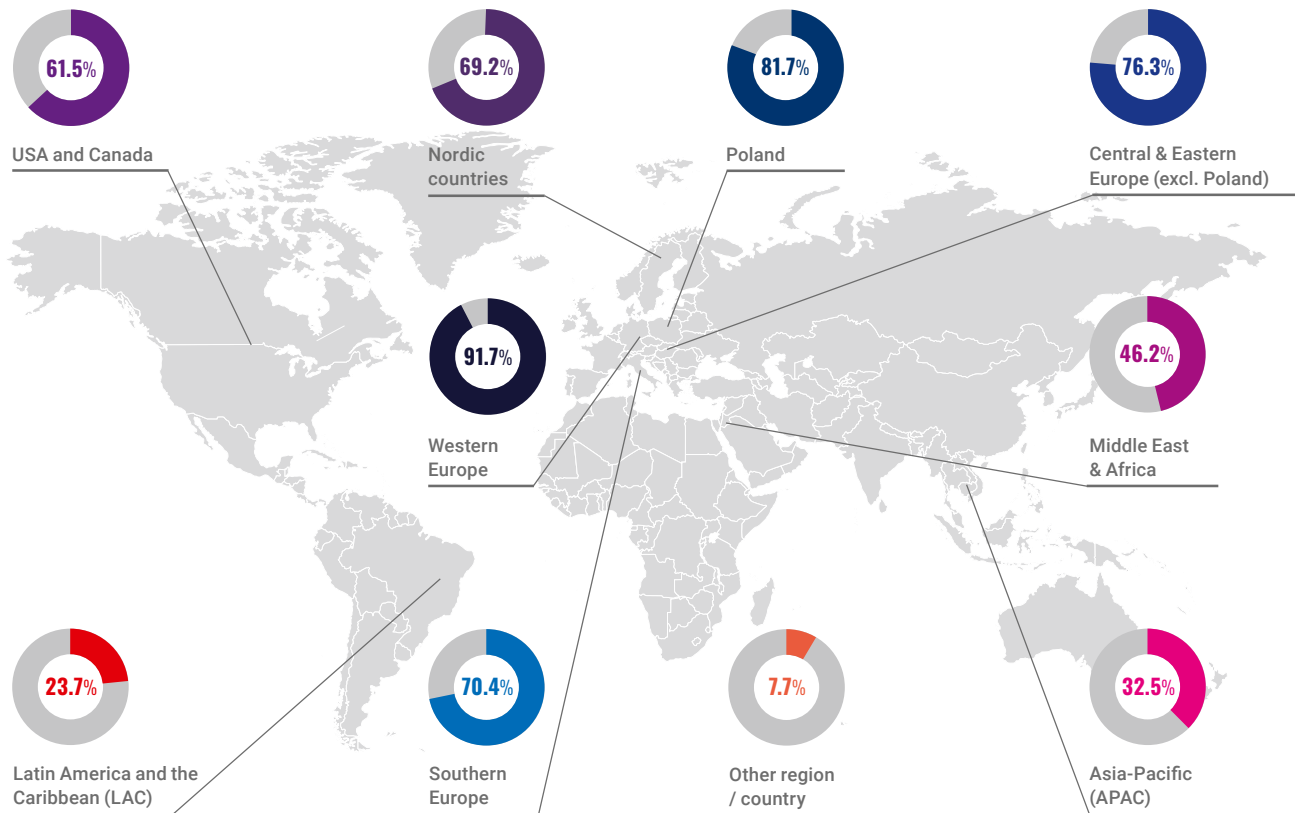
## GEOGRAPHIC SCOPE OF SERVICES

Centers located in Poland service clients globally. Poland and other CEE have a clear time-zone advantage, allowing centers located here to provide services worldwide. Similarly to recent years, however, the most significant number of centers focus on serving customers in Western Europe (91.7%), Poland (81.7%), and Central and Eastern Europe (76.3%). This year, Southern Europe (70.4%) overtook Nordic countries (69.2%).

Most clients served are from Europe and located in the same or proximate time zone. On the other hand, the share of centers servicing the United States & Canada saw a slight year on year decrease (61.5%), with the Middle East and Africa standing at 46.2%. Similarly to recent years, the share of centers servicing clients from APAC (32.5%) and LAC (23.7%) was lower.

**FIGURE 1.13**

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



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

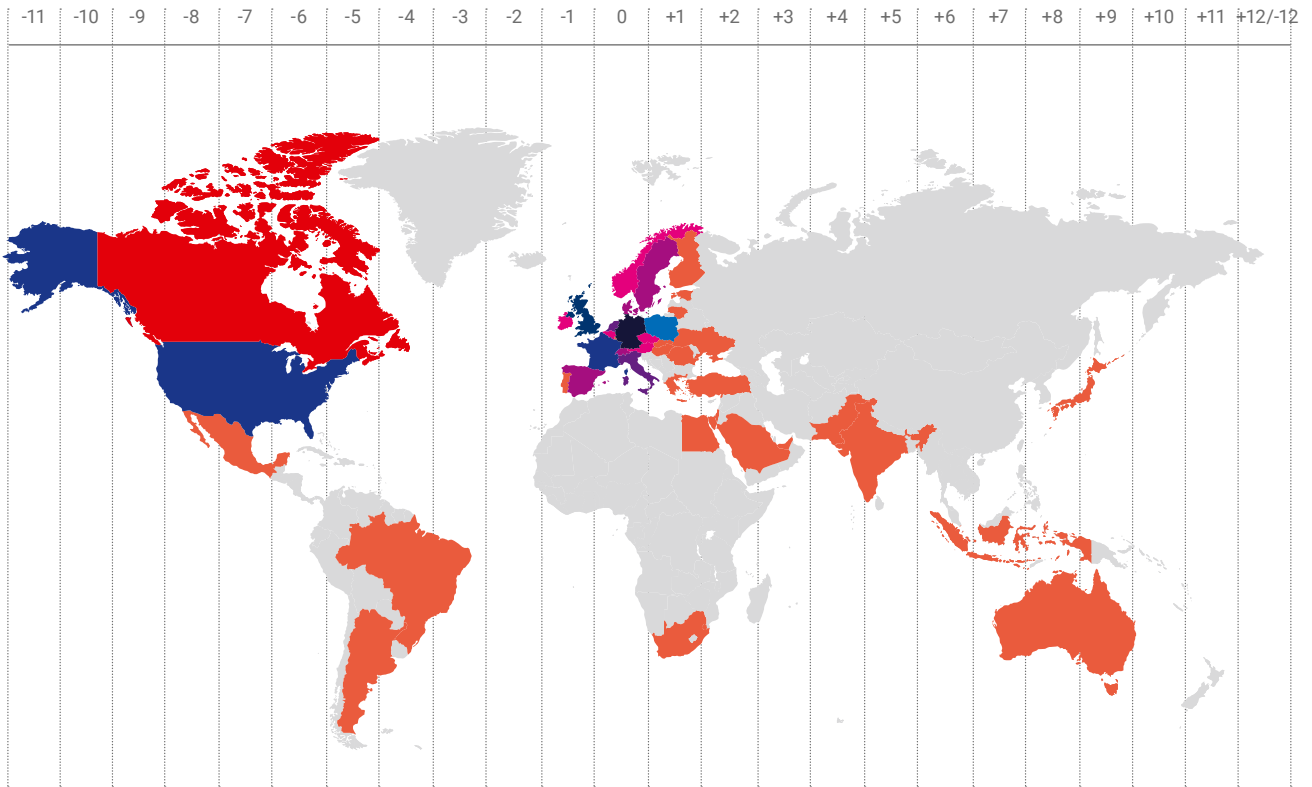
Based on the locations of the five most essential clients indicated, we have determined the ranking of locations from which clients are most frequently supported. The country stated most often is Germany (76.5% of responses), followed by the United Kingdom (57.4%) and France (45.1%), which overtook the US (40.7%) for third position. Poland (33.3%) rounds off the top five. The top five remain stable. As we stressed

in the report's previous edition, these responses point to an increasing role of nearshoring and offshoring to secure locations. The list of countries with shares exceeding 4.9% is completed by 12 other states from Western & Northern Europe and North America (Canada). The overall list of origins of clients served by centers located in Poland in Q1 2024 now includes 46 countries.

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.14**

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



<b>76.5%</b> Germany	<b>57.4%</b> United Kingdom	<b>45.1%</b> France	<b>40.7%</b> United States	<b>33.3%</b> Poland	<b>23.5%</b> Italy
<b>22.2%</b> Netherlands	<b>19.1%</b> Spain	<b>18.5%</b> Switzerland	<b>13.0%</b> Sweden	<b>10.5%</b> Denmark	<b>8.6%</b> Austria
<b>7.4%</b> Belgium	<b>6.8%</b> Ireland	<b>6.2%</b> Czechia	<b>6.2%</b> Norway	<b>4.9%</b> Canada	

Less than 4.9% of respondents indicated the following countries, in decreasing order of significance: Luxembourg, Finland, Romania, Turkey, Ukraine, Israel, Japan, Portugal, Slovakia, South Africa, Australia, Brazil, Estonia, Hong Kong, Hungary, Mexico, Singapore, Argentina, Egypt, Greece, India, Indonesia, Ireland, Jersey, Lithuania, Pakistan, Saudi Arabia, Swaziland, and the United Arab Emirates.

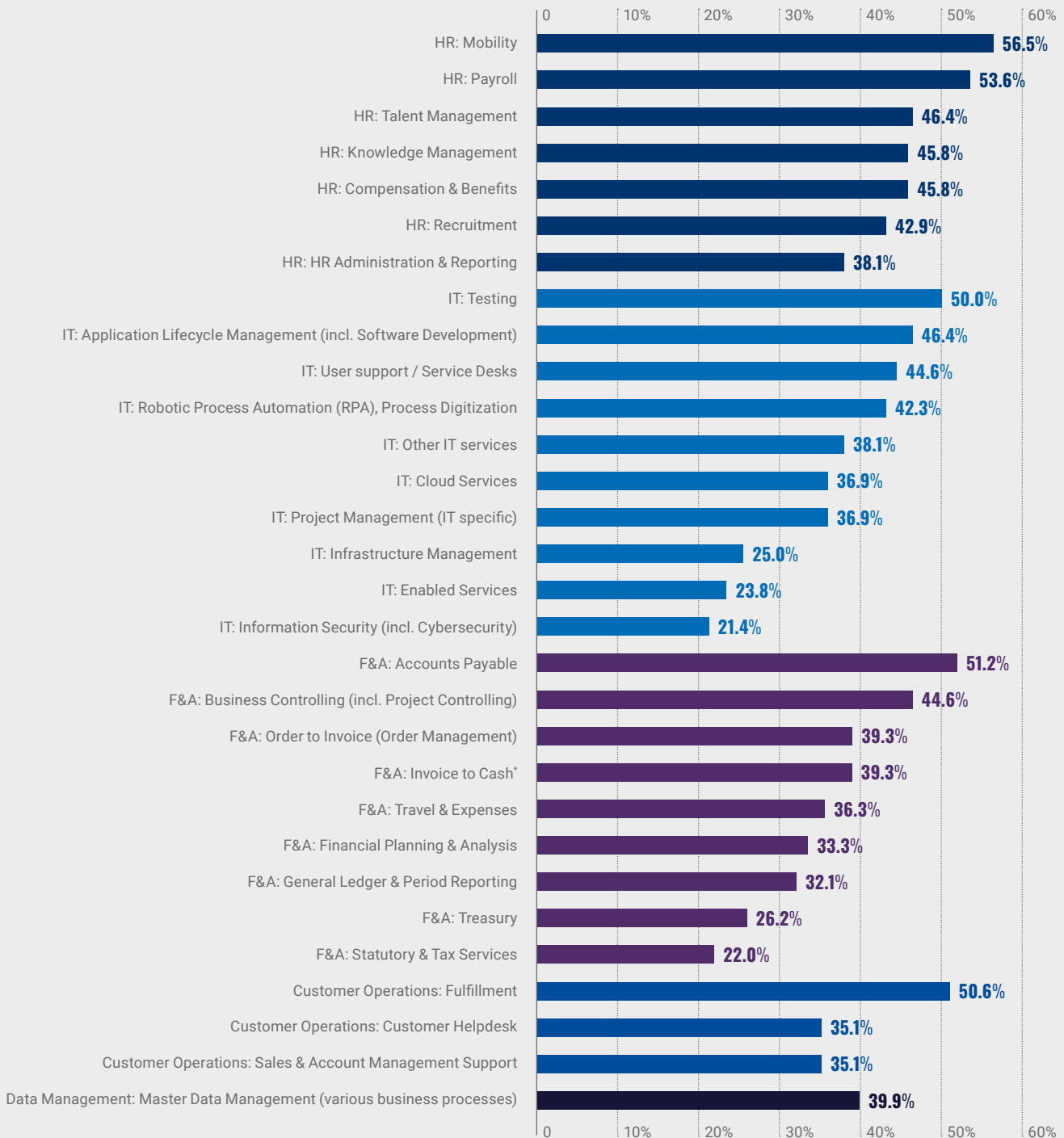
Source: ABSL's analysis based on the results of the survey (N=162)



# CATEGORIES OF PROCESSES SUPPORTED

**FIGURE 1.15**

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



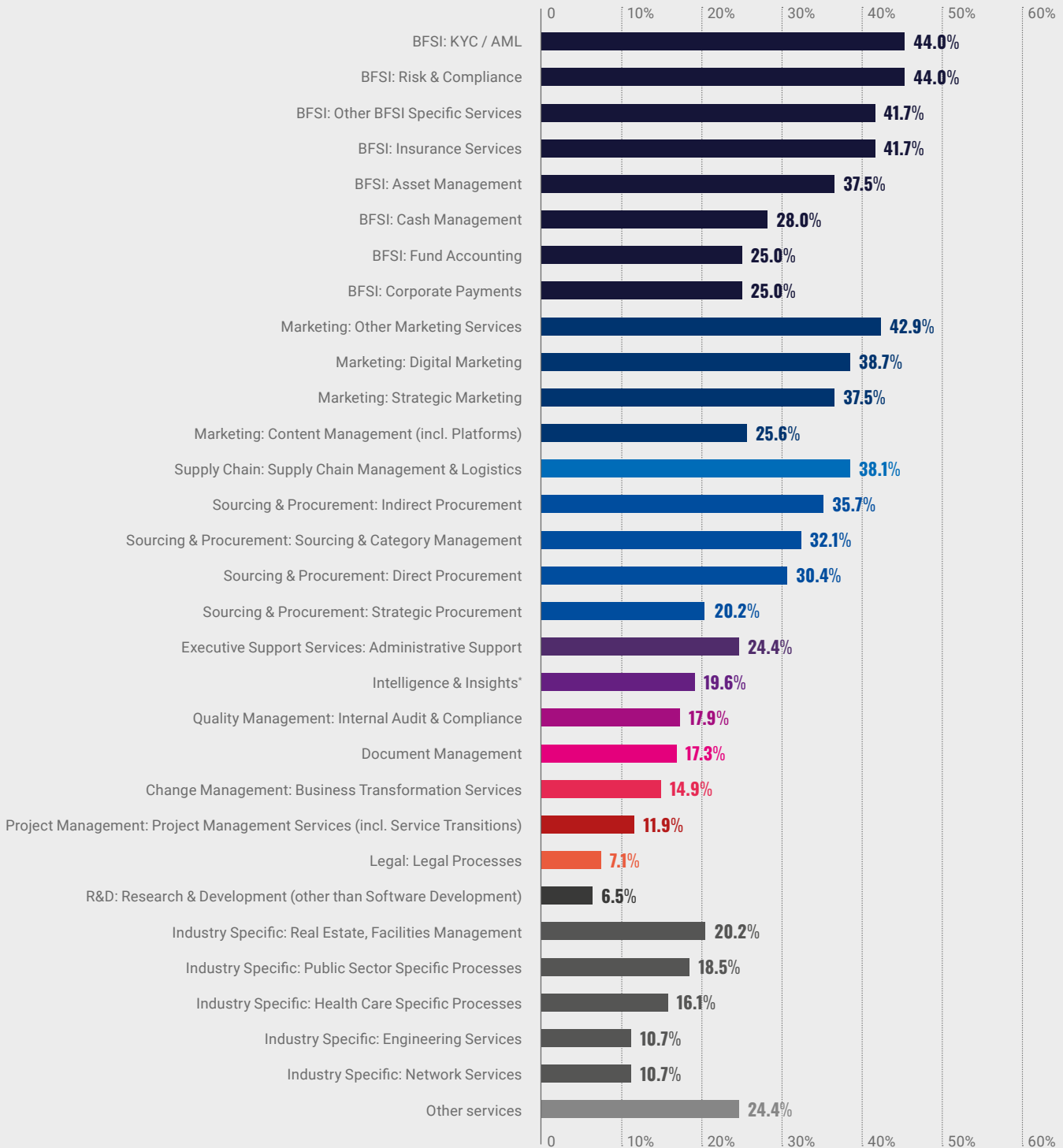
\* incl. Cash Allocation, Cash Collection, Disputes Management

Source: ABSL's analysis based on the results of the survey (N=168)

State of the modern business services sector  
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**FIGURE 1.16**

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



\* Business Intelligence, Data Analytics, Complex Performance Reporting

Source: ABSL's analysis based on the results of the survey (N=168)

Please note that the classification of processes changes over time as the scope of services offered by centers located in Poland expands. Two years ago, the list included 60 processes; currently, our list includes 80 processes. This year, we have decided to focus on updating the list of F&A processes, which

now include 20 processes alone. Greater granularity allowed us to enhance our classification of processes by the level of sophistication (transactional versus knowledge-intensive) and to adjust the classification into back-office, mid-office, and front-office processes.

## SOPHISTICATION OF BUSINESS PROCESSES

The modern business services centers' 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. We define transactional work as tasks that require less than six months to train a worker to reach the required efficiency level; it is six months or more for knowledge-intensive work.

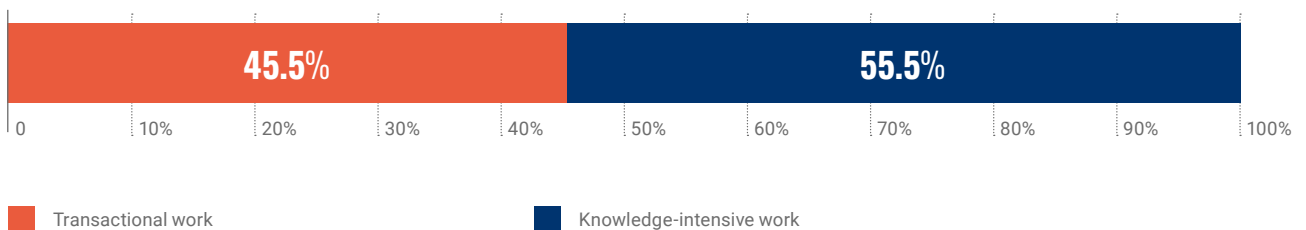
For the first time, the percentage of knowledge-intensive processes exceeded 50.0% in 2022. At the end of Q1 2022, 50.8% of all processes (weighted

by employment) performed in the centers were considered knowledge-intensive. At the end of Q1 2023, it reached 56.9% (thus increasing year-on-year by 6.4 pp and by an impressive 12.9 p.p. since 2019). **At the end of Q1 2024, the share of knowledge-intensive work stands at 55.5% (weighted by employment) and 50.2% unweighted. The drop YoY is limited and does not challenge the overall trend, it can be attributed more to the shifts in the composition of respondents of the survey.**

**Trends toward upskilling and upgrading are more than evident.**

**FIGURE 1.17**

PROPORTION OF TRANSACTIONAL VS. KNOWLEDGE-INTENSIVE PROCESSES IN Q1 2024  
(EMPLOYMENT-WEIGHTED RESPONSES)



Source: ABSL's analysis is based on the survey results (N=153). The results are weighted by the overall employment of a firm in Poland.

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in Poland at the end of Q1 2024



**Grzegorz Mucha**  
Head of Shell Business Operations Kraków

The business services sector in Poland is becoming more and more mature, as is exemplified by the growing number of knowledge intensive jobs. The Shell center in Krakow, which is celebrating its 18<sup>th</sup> anniversary this year, perfectly illustrates this dynamic: between 2020 and 2023, we recorded a 50% increase in highly specialized and managerial positions. A good example is the finance.ai team, managed from Krakow, which works on processes including a far-reaching digital transformation of financial analyses through the use of dedicated AI/Data Science models that allow not only to predict the Group's financial and operational results, but also to generate various scenarios.

The growth of KIBS (Knowledge Intensive Business Services) is the result of development and specialization that characterizes the knowledge-based economy. To maintain this advantage, it is necessary to invest in education and build strong cooperation not only within the sector, but also with local governments, academia and central administration. Such cooperation promotes innovation, supports staff development as well as being able to contribute to the creation of favorable conditions and a climate for further growth of the business services sector in Poland.

Another trend in the sector is the growing number of global decision-making positions in Poland. We educate future leaders of global business in our country, which assists in raising Poland's prestige in the international arena and has a positive impact on the national economy. It is also an opportunity for Polish specialists, who are working in the industry, to build an international career from day one.

Concentrating advanced processes, talents, and a stable structure in one location creates space for innovation. The maturity we have achieved as an industry does not mean stagnation. On the contrary, the experience we have gained over the years allows us to more consciously shape our service portfolio, focusing on advanced and innovative projects. An opportunity for further development of the sector will certainly be the obligation to report ESG. In fact, the business services industry, with its rich human resources ecosystem and expertise, may well become an ESG consulting center both globally and locally.

Striving for continuous improvement and adaptation to changing market conditions is crucial for maintaining the growth and importance of the business services sector in the global economy. This synergy of advanced processes, talents and a stable structure is the foundation of the success of the business services sector in Poland, allowing not only for the sector to develop, but also to lead future trends in the industry.

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

As was the case in the previous report, a result of comparing 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 and related to HQ functions. Front-office workers consistently work directly with customers. The middle office supports the front office in dealing with more complex tasks, such as advanced analytics. The back office provides administrative & general support.

As in last year's report, we have identified a downward trend in the share of back-office processes and an increase in the share of mid-office functions with no major change in the role of front-office functions. **The industry in Poland has gradually**

**shifted towards functions with higher added value and greater complexity throughout the last year.**

**On average, 43.7% of processes supported by our centers in Q1 2024 were back-office processes, while the share of mid-office processes stood at 52.9%. Front-office processes claimed a 3.4% share.**

**Direct comparison to prior years is not recommended due to the modification of the list of processes – in particular in the F&A domain, which allowed at a more granular level to better classify the processes in the back / mid / front-office.**

Nonetheless, the results fit the overall trend observed prior: a decrease in the share of back-office processes and an increase in the share of mid-office and front-office processes.

**TABLE 1.3**

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

	2024*	2023	2022	2021
Back-office	43.7	51.4	51.7	52.9
Mid-office	52.9	47.6	47.2	46.1
Front-office	3.4	1.0	1.1	1.0

\* Please be aware of the change in the classification of business processes in 2024. Prior values cannot be directly compared.

Source: ABSL's analysis based on the results of the surveys in 2021, 2022 & 2023, 2024

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## EMPLOYMENT IN THE INDUSTRY



# 457,100

The number of employees in the industry  
at the end of Q1 2024.



# 45

The number of jobs created per day  
in the industry in 2023.



# 16,570

The number of jobs created in the industry  
since Q1 2023.



# 83.5%

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



# 3.8%

YoY growth in employment.

The number of employees at centers in Poland stood at 457,100 in Q1 2024. This is a YoY increase of 16,570 (3.8% growth), of which 50.8% was in the three main locations (Kraków, Warsaw, and Wrocław). The CAGR for the period 2019-2024 was 8.0%. The YoY employment growth rate was 11.4% in 2019, 9.8% in 2020, 5.0% in 2021, 12.3% in 2022, 9.4% in 2023. In Q1 2023 – Q1 2024, the number of new jobs created per day in the modern business services centers' sector was approximately 45, lower than in previous years.

The CAGR of employment in 2019-2024 was the highest in Warsaw (12.1%), Poznań (10.6%), and Tricity (9.9%).

Three employment forecast scenarios for 2024 were formulated in the previous year's ABSL report. With 457,100, employment in Q1 2024 was between baseline (465,300) and pessimistic (453,600) scenarios.

Total employment in Poland's enterprises' sector (as reported by Statistics Poland) in 2023 decreased by 0.2%, while in our industry it rose by 3.8%. As a result, the share of the sector in total employment in the enterprise sector increased to 7.0% (compared to 6.7% in 2023).

Of the 16,570 jobs created, 4,860 were accounted for by 60 new centers established in 2023 and Q1 2024. The remainder represented the organic growth of the industry in centers that started operations in previous years.

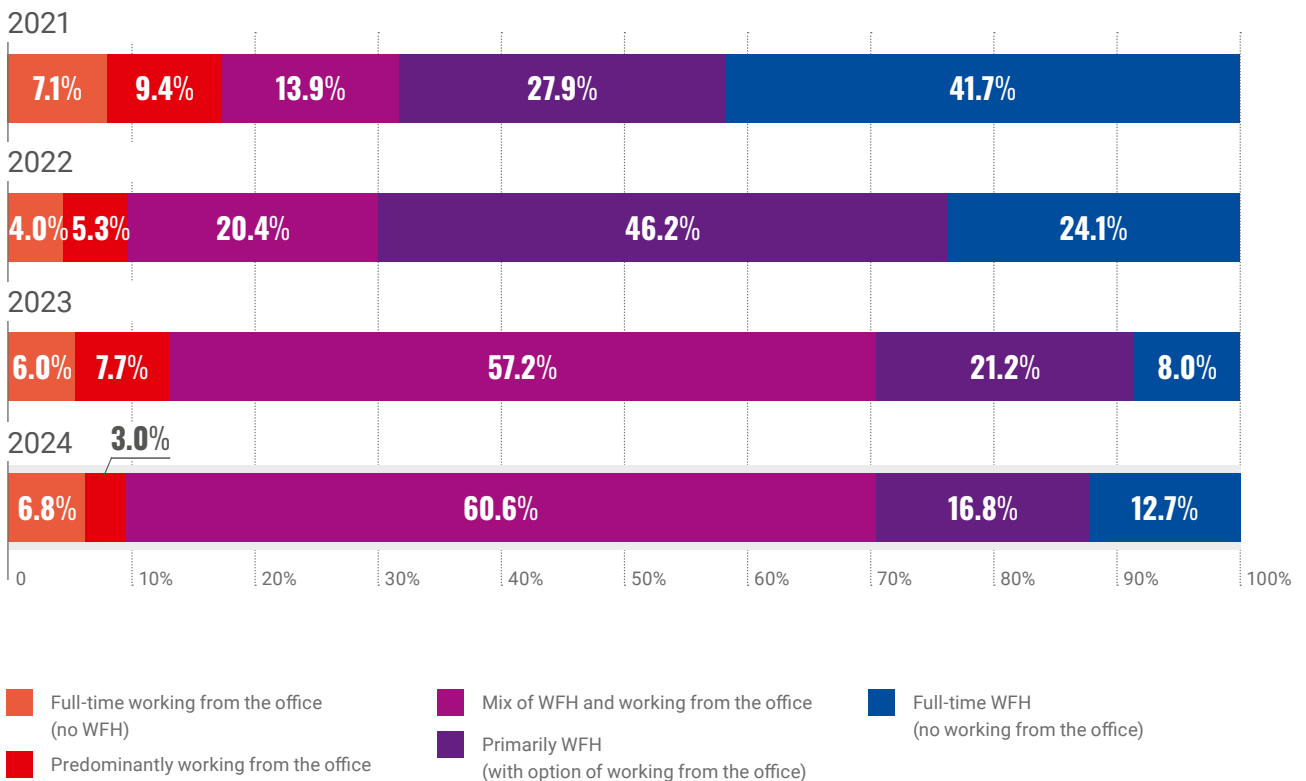
## NEW WAYS OF WORKING

Moving the labor market toward a WFH model, the COVID-19 pandemic has been a game changer. A comparison of the survey results for 2021-2024 reveals changes reflecting learning to manage pandemic-related risks, the consequences of the vaccination program, the end of the pandemic, and centers being accustomed to the new, post-COVID-19 reality. In 2021, full-time WFH (no working from the office) was the dominant mode. In 2022, it was primarily WFH (with the option of working

in the office). In 2024, it is a mix of WFH and working in the office (rotational basis). A mix of WFH and working in the office has become the standard. Organizations adjust the average number of working days in the office (compared to the entire population or the working population) to meet their needs and the employees' preferences. Decisions are taken concerning office space costs and quality, investments in the equipment necessary for WFH, and employees' willingness to return to the office.

**FIGURE 1.18**

WORK FROM HOME (%), 2021-2024



The results are weighted by overall employment.

Source: ABSL's analysis based on the business services center database (N=191)

State of the modern business services sector  
in Poland at the end of Q1 2024

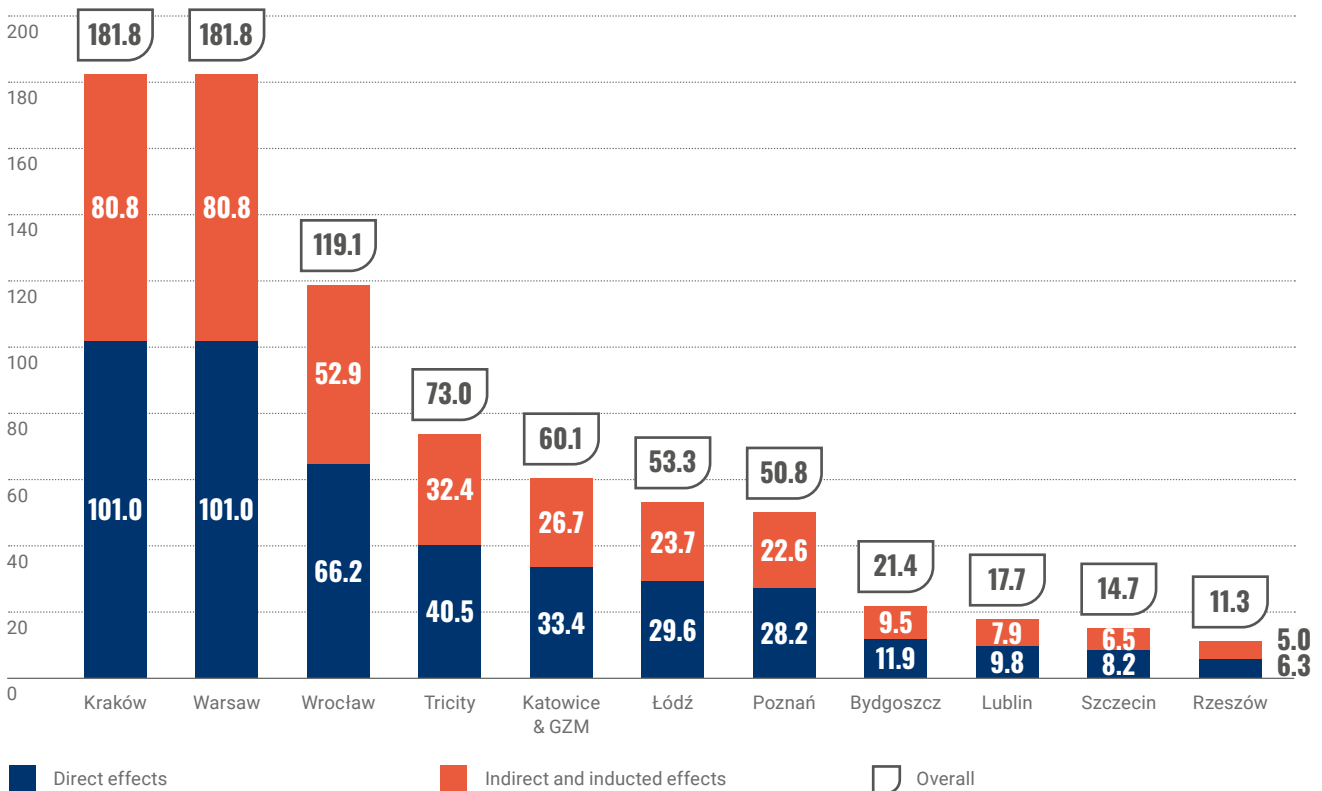
## CONTRIBUTION TO THE LABOUR MARKET IN POLAND AND REGIONALLY

The contribution of the modern 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>3</sup> (equal to 1.8), the number of jobs generated by centers in Poland

should be estimated at 822,800. The Figure depicts the influence of business services centers on the labor market in Poland's central locations in 2024 and is divided into direct, indirect, and induced effects.<sup>4</sup> The main locations have been defined as those with employment above 5,000 people.

**FIGURE 1.19**

THE INFLUENCE OF THE FUNCTIONING OF BUSINESS SERVICES CENTERS ON THE LABOR MARKET IN THE MAIN LOCATIONS IN 2024 (1,000 EMPLOYEES)



Source: ABSL's analysis based on the business services center database and information from EY's Spectrum model

<sup>3</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 Sourcright, and JLL.

<sup>4</sup> Indirect effects represent B2B expenditures in the city/region stemming from initial industry input purchases. Induced effects stem from increased personal income caused by direct and indirect effects.



## EMPLOYMENT FORECAST

Similarly to previous editions of the report, we assume that the industry's growth is determined, to a larger extent, by global factors than by the situation in Poland. This premise is based on the specific nature of the business processes provided and the customer base of the centers operating in Poland.

Referring to the Overview of the World Economic Outlook Projections (IMF) and Global Economic Prospects (The World Bank), 2024 will be marked by stagnation in world GDP dynamics. For advanced economies, where Poland centers' main clients are situated, the slowdown of GDP dynamics is projected to drop from 1.6% in 2023 YoY to 1.5% by IMF, and from 1.5% to 1.2% according to the World Bank. According to the IMF, an increase in GDP dynamics is expected for Poland, from 0.5% YoY in 2023 to 2.6% in 2024. 2024 will bring decreased GDP dynamics for the US – from 2.5% in 2023 YoY to 2.1% according to the IMF, and from 2.5% to 1.6% stated by the World Bank. For the Euro Area, a slight increase is projected – from 0.5% in 2023 YoY to 0.9% stated by the IMF, and from 0.4% to 0.7% according to the World Bank.

The industry in Poland registered 3.8% employment growth in 2023/2024. The global economy is experiencing moderate growth, with no expectations of a serious rebound.

The employment plans declared for Q1 2025 are optimistic; 65.4% of respondents envisaged increases in headcount. This was 8.5 p.p. lower than in the previous year. However, we must consider the volatile, uncertain, complex, and ambiguous economic environment in which the sector

operates globally. Adaptability is a natural part of doing business. The character and scale of the challenges the industry faces are significant. The new reality is still influenced by the consequences of the COVID-19 pandemic (value chain disruptions, regional resilience imperative), the WFH challenge, Russia's invasion of Ukraine, and global tensions, risks, and uncertainty.

An important factor the industry faces is access to the talent pool. The demographic changes are not favorable for Poland. However, since 2022, we have observed that ABSL survey respondents perceive a talent pool shortage as a less significant barrier to operations and growth. They have acknowledged this talent pool shortage by looking to employ more foreigners. The share of employees in the 35+ age group has increased. Additionally, in the longer term, WFH and work-from-anywhere, accompanied by the development of technology and AI, will reduce the severity of the talent pool shortage. In 2023, Poland ranked 44th in the World Talent Ranking (+6 positions YoY).

The impact of AI on the sector remains ambiguous in the short run. AI can mitigate the severity of talent pool shortages to some extent. However, it can also reduce the demand for certain workers' competencies, such as in HR processes/functions. Undoubtedly, AI can be regarded as a key transformation driver, and its development contributes to changes in demand patterns for qualifications. Transformation in the industry has already started, as described in ABSL 2023 Strategic Foresight Report. Centers in Poland are subject to changes in the global shared services landscape, mergers and acquisitions,

State of the modern business services sector in Poland at the end of Q1 2024

AI development, in-shoring, and regional resilience imperatives. It has resulted in employment levels and pattern adjustments, leading to reductions in some centers and job increases in others. Jobs are also created in newly established centers. In 2023 and Q1 2024, 60 new centers were established, creating almost 5,000 workplaces.

Poland's political situation has changed, resulting in improved relations within the EU structures. This positively affects the overall investment climate. The drop in the global inflation rate, increases the chances for interest rate reductions, which is expected to positively impact the growth prospects.

The sector in Poland continues to perform well. It has passed the pandemic stress test, and business continuity plans have worked effectively. The industry has proved its resilience; its employment growth significantly surpassed the headcount dynamics in Poland's overall commercial sector.

Considering the above factors, we predict that employment will increase to 471,600 by Q1 2025 (a growth rate of 3.2%).

Taking into account the variety of factors consulted and thoroughly discussed with the ABSL BI Team, we also propose two alternative versions of employment development scenarios. In an optimistic scenario, 4.4% employment growth is envisaged. This positive growth may stem from the regionalization of the global economy that favors a location like Poland, offering

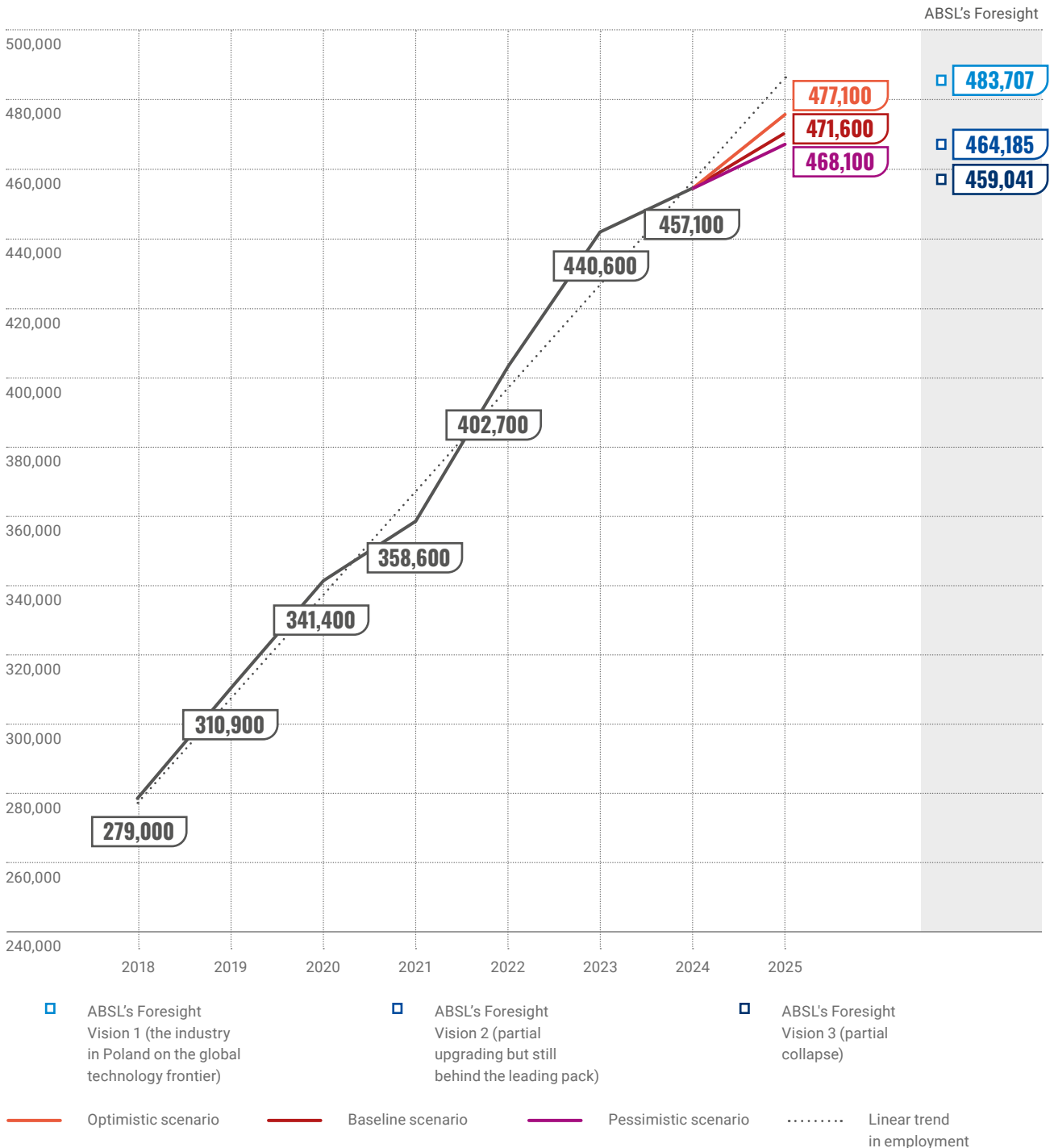
a diversified, experienced talent pool as well as geographical and cultural proximity to major customers. This scenario includes the entrance of a significant, influential player who will reallocate activities to Poland. Its reputation, additionally, through cumulative causation, attracts others and creates headcount growth in already established centers. In a pessimistic scenario, employment dynamics is 2.4%, corresponding to world GDP forecasts for 2024 by the World Bank.

The employment forecast focuses on quantitative aspects. Qualitative changes are taking place and will occur with the changing demand for skills and talents, the co-existence of various forms of employment, and the need for greater flexibility. The imperative of leadership is the main challenge the sector will be confronted with. The leadership-oriented attitude could drive the industry in Poland toward higher functions in global value-added operations and the provision of more knowledge-intensive services.

Figure 1.20 depicts employment forecasts for 2025. The three colored dots illustrate the 2023 ABSL Strategic Foresight Report's three visions of employment dynamics. With 471,600 people (a baseline trend) the employment score will be slightly above Vision 2 (partial upgrading but still behind the leading pack). As has been mentioned, the main challenge is the imperative of leadership to put the sector in Poland on the global technology frontier (Vision 3 trajectory).

**FIGURE 1.20**

CHANGES IN EMPLOYMENT AT BUSINESS SERVICES CENTERS SINCE 2018 (AND FORECAST FOR 2025)



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

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## EMPLOYMENT IN THE LARGEST CENTERS

Over the years, we have observed an increasing number of centers that employ at least 1,000 people in Poland, and which now stands at 90 in 2024. Compared with the previous report, the number of such centers has risen by four. 169,000 people work in these centers (a YoY increase of 1,850), while their share in the industry's overall employment is 37.0%. Entities with foreign-owned capital dominate the largest centers operating in Poland. Four of the centers that employ at least 1,000 people are domestic entities. Centers employing at least 1,000 people, 71.6% (121,000 people) are located in Tier 1 centers, 21.5% (36,300 people) are to be found in Tier 2 centers; 40.4% (68,300 people) work

in SSC/GBS centers, while 25.2% (42,600 people) are employed in IT centers. There are thirteen largest investors, each employing at least 5,000 people in Poland. Altogether, they employ 89,350 people, equating to 19.5% overall. Among the most prominent investors is one Polish company, Comarch. Domestic investors that employ more than 1,500 people include Call Center Inter Galactica, Asseco, Arteria, OEX, KRUK, PZU, Centrum Informatyki Resortu Finansów, and Avenega IT Professionals. Companies that employ 900 to 1,500 people include EUVIC, Tauron, CD PROJEKT RED, Billennium, Transition Technologies, Future Processing, and Telmon.

**TABLE 1.4**

THE LARGEST INVESTORS IN POLAND IN TERMS OF HEADCOUNT IN BUSINESS SERVICES CENTERS AT THE END OF Q1 2024

Investor	Parent company's headquarters' location	Number of employees at centers
Capgemini		11,000-13,000
UBS		9,000-11,000
Sii		6,000-8,000
Atos		6,000-8,000
Nokia		6,000-8,000
EPAM Systems		6,000-8,000
Comarch		6,000-8,000
Citigroup		6,000-8,000
State Street		6,000-8,000
Nordea		5,000-6,000
Shell		5,000-6,000
Kyndryl		5,000-6,000

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

## AVERAGE HEADCOUNT

Average headcount information is presented for the eleven main locations where centers employ at least 5,000 people. The highest average headcount was in Kraków (351). Twenty-five centers in Kraków employed 1,000 people or more (58.6% of all overall employment in the industry in Kraków). Wrocław took second place (an average headcount of 283 employees, with twelve centers employing 1,000 people or more), with Warsaw in third position (an average headcount of 269 employees and twenty-two such centers).

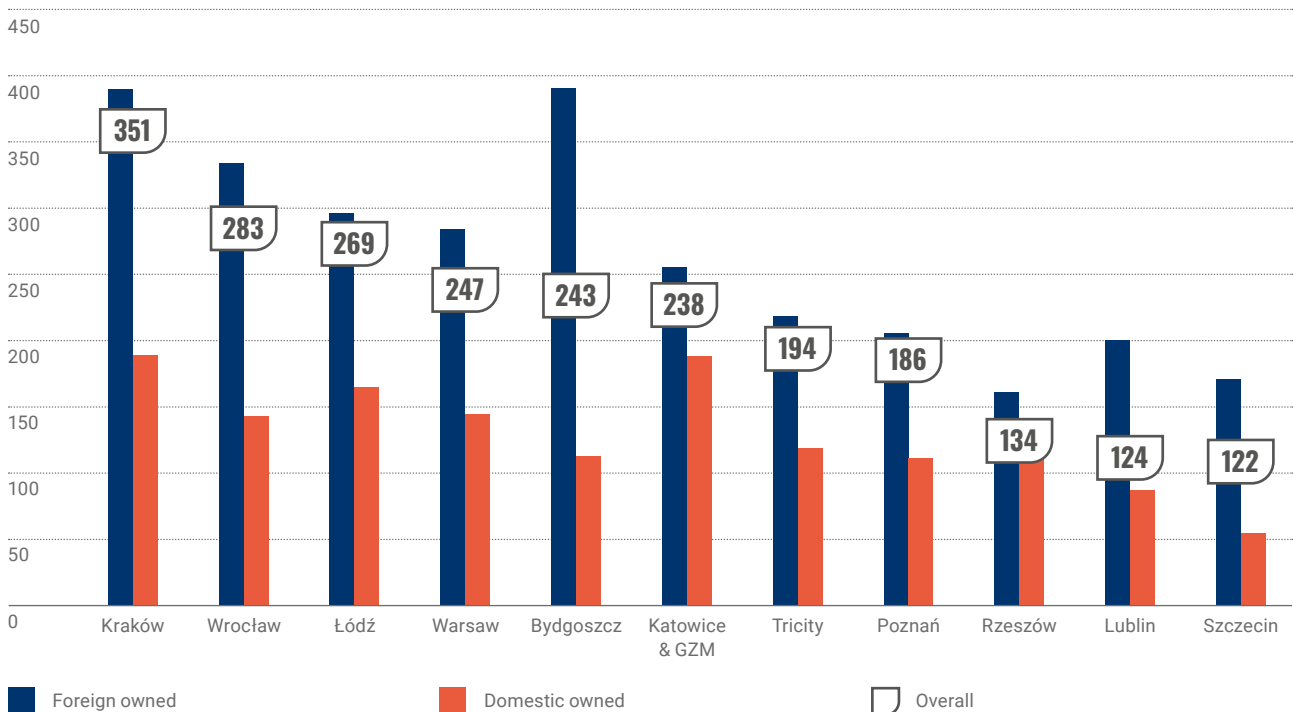
The average headcount in business services centers stands at 235. There is a difference in the average headcount between entities with

foreign-owned and domestic capital (the main shareholder being a Polish entity). In foreign-owned companies, it is 282, while in domestic companies, it is 128. Such differences are also observed in the international modern business services sector and the global economy. Entities with foreign-owned capital are larger, more productive as a rule, and more internationally oriented.

The highest average headcount is in centers whose headquarters are in Switzerland (403), France (381), and Ireland (374).

**FIGURE 1.21**

THE AVERAGE HEADCOUNT AT BUSINESS SERVICES CENTERS IN POLAND'S MAIN LOCATIONS (NUMBER OF PEOPLE, 2024)

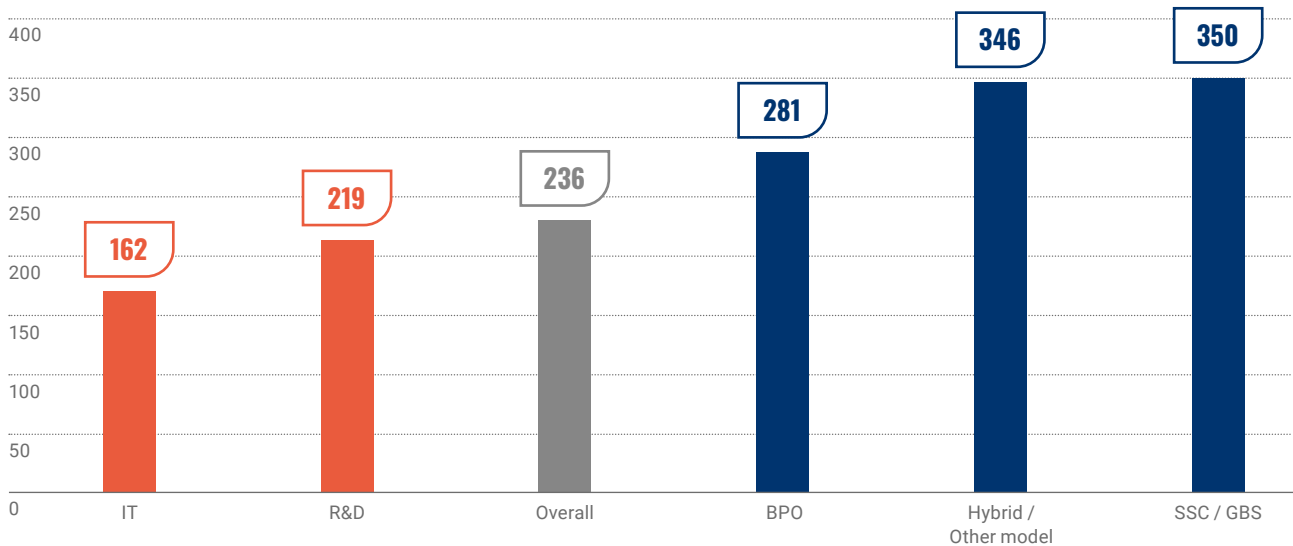


Source: ABSL's analysis based on ABSL's business services centers' database

State of the modern business services sector  
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**FIGURE 1.22**

THE AVERAGE HEADCOUNT BY TYPE OF CENTER (NUMBER OF PEOPLE, 2024)



Source: ABSL's analysis based on ABSL's business services centers' database

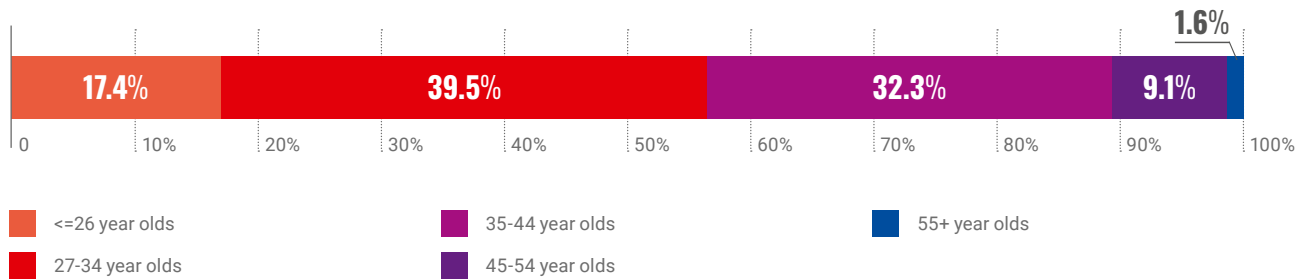
## EMPLOYMENT BY AGE GROUP, JOB POSITION, AND BUSINESS PROCESS

The industry is changing and entering a mature phase. Over the years, there has been an increase in the share of the 35+-year-old group in overall employment. In 2023, this trend continued. Since 2019, the share of 35+ year-olds has increased by 14.1 p.p. A rise in the share of specialized positions in the employment structure of centers has accompanied these changes. The percentage of junior classes is decreasing.

In the survey's questionnaire for 2024, we asked for the first time about the structure of the center's employees in terms of seniority. The biggest category (28.4%) was the group working in the center for one to two years, followed by three to five years (23.7%). Only 11.3% of the headcount had worked in a center for ten years or longer. This is consistent with relatively high attrition rates and potentially indicates job-hopping within the main industry agglomerations in Poland, similar to the processes ongoing in typical industry clusters.

**FIGURE 1.23**

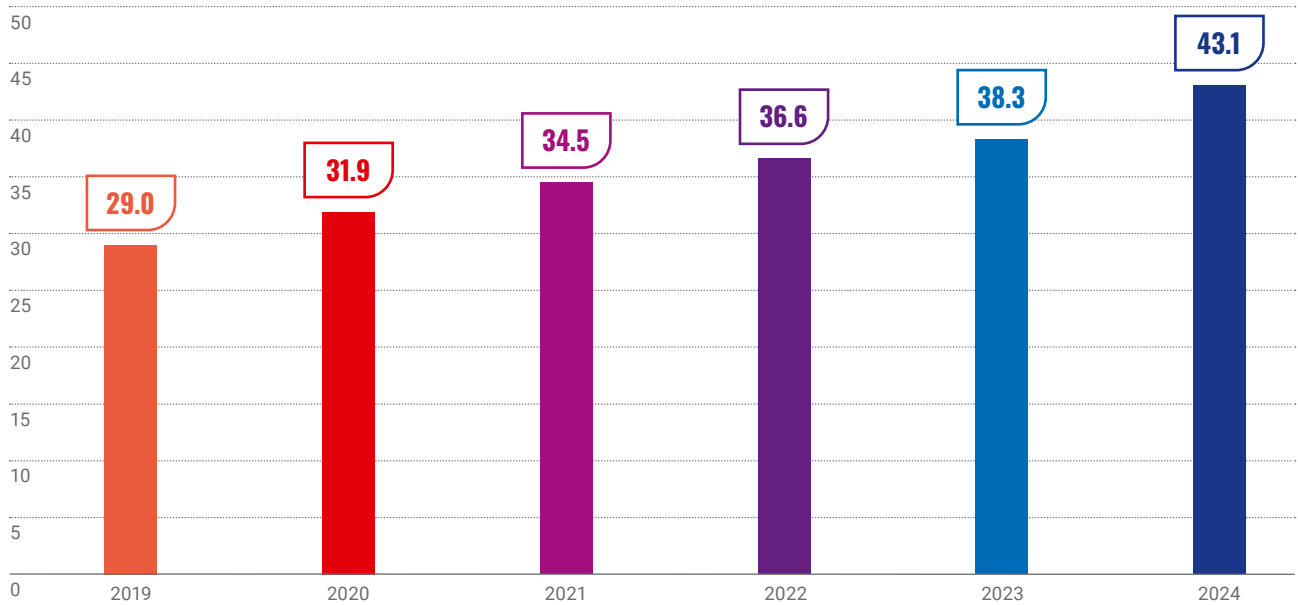
THE EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS ACCORDING TO THE AGE OF EMPLOYEES (%)



Source: ABSL's analysis based on the results of the survey (N=164). The results are weighted by overall employment.

**FIGURE 1.24**

THE SHARE OF 35+-YEAR-OLDS IN THE INDUSTRY'S EMPLOYMENT (2019-2024)

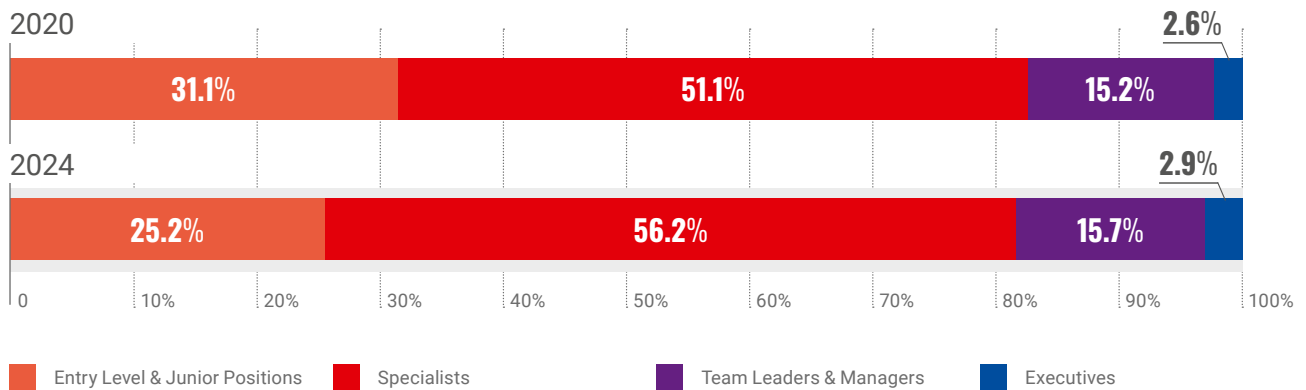


Source: ABSL's analysis based on the results of the survey. The results are weighted by overall employment.

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**FIGURE 1.25**

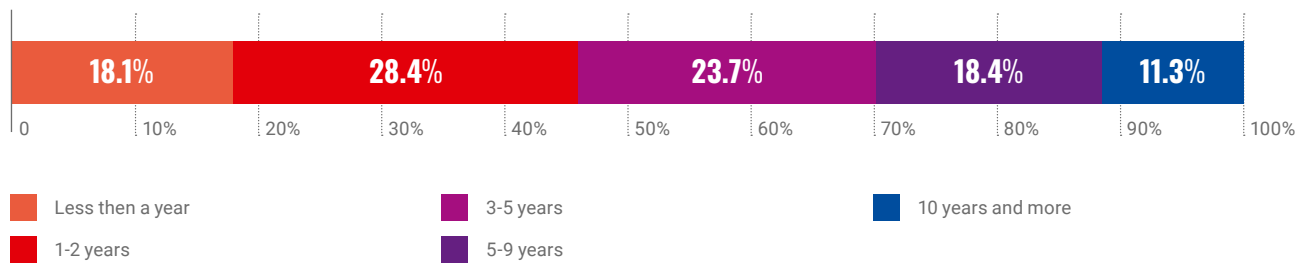
EMPLOYMENT STRUCTURE OF BUSINESS SERVICES CENTERS BY JOB CATEGORY (2020, 2024, %)



Source: ABSL's analysis based on the results of the survey (N=170). The results are weighted by overall employment.

**FIGURE 1.26**

THE STRUCTURE OF THE CENTER'S EMPLOYEES IN TERMS OF SENIORITY



Source: ABSL's analysis based on the results of the survey (N=161). The results are weighted by overall employment.



## FOREIGNERS IN BUSINESS SERVICES CENTERS



### 95.7%

The share of business services centers employing foreigners (92.7% previous year).



### 15.2%

The percentage of foreigners in overall employment in business services centers analyzed by ABSL.



### 51.0%

The rate of centers where at least 10.0% of employees are foreigners (9 p.p. less than the previous year).



### 30

The estimated number of foreigners (in thousands) working in business services centers covered by the ABSL survey.



### 69,400

The estimated number of foreigners employed at service centers nationwide.

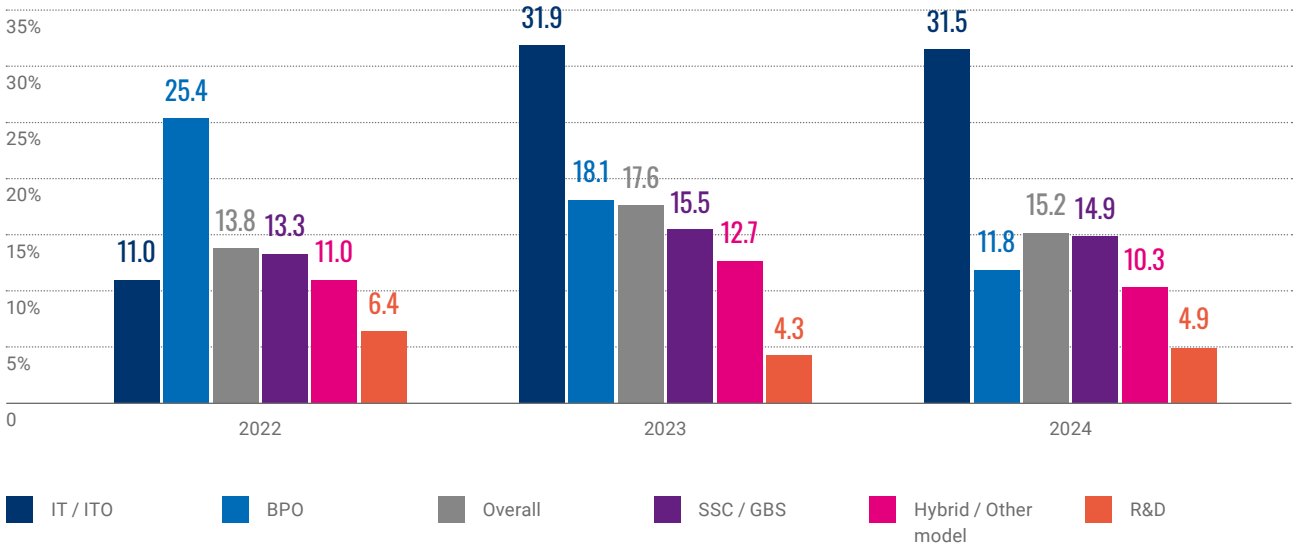
Respondents of the ABSL survey indicated the five leading countries of origin for foreigners working at a business center. The top three positions were those employees from Ukraine, India and Belarus. Ukraine continues to be the most frequently indicated country of origin for foreigners employed at business services centers in Poland. Ukrainians are the largest group of foreigners at 62.0% of the companies that employ foreigners (two p.p. higher than in the previous report). Multiculturalism is a characteristic feature of the sector in Poland. Diversity & Inclusion play a particularly significant role in the industry and its

future growth. The industry is already based on a diverse workforce, but this will increase further with talent being sought globally to meet growing demand. This is particularly true of the most prominent business services locations. The number of countries from which foreign-owned workers are sourced is 62 (five more than in 2023). The share of foreigners in overall employment in business services centers analyzed by ABSL is 15.2%. It is subject to fluctuations stemming from the situation in Ukraine and the relocation of activities and functions to Poland by large centers.

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.27**

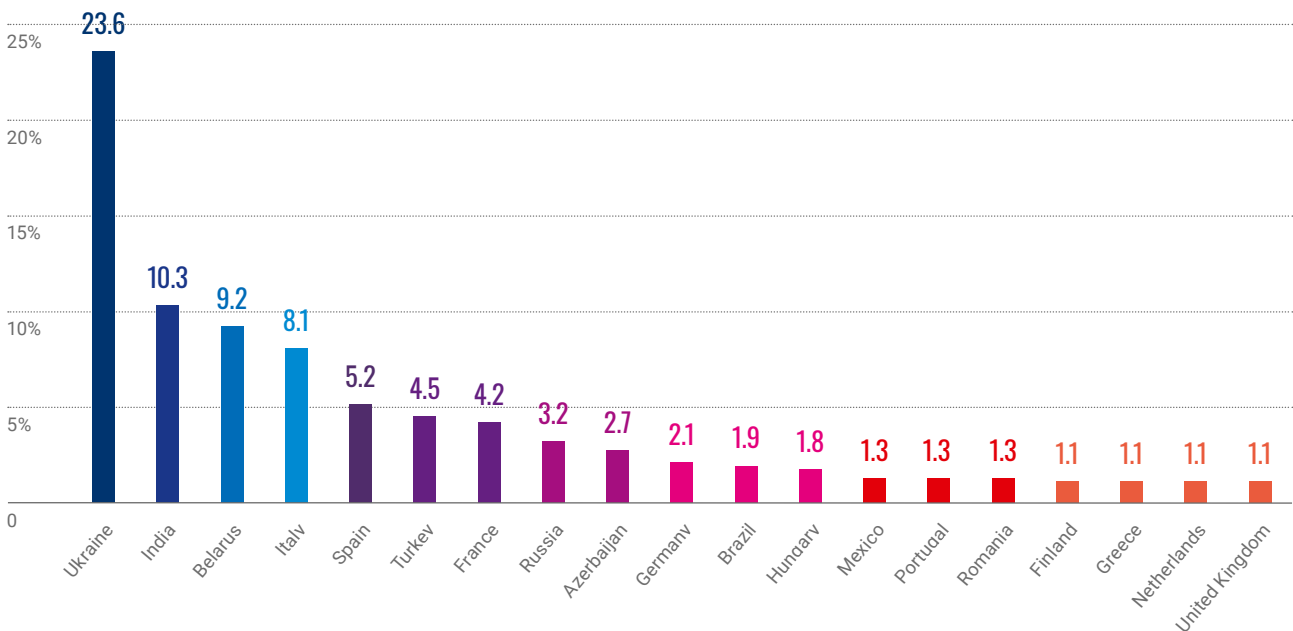
SHARE OF FOREIGNERS IN EMPLOYMENT BY TYPE OF CENTER (2022-2024, %)



Source: ABSL's analysis based on the results of the survey (N=160, employment weighted)

**FIGURE 1.28**

COUNTRIES OF ORIGIN MOST OFTEN DECLARED BY FOREIGNERS EMPLOYED IN BUSINESS SERVICES CENTERS (% OF INDICATIONS)



Source: ABSL's analysis based on the results of the survey (N=160, the number of indications 619)

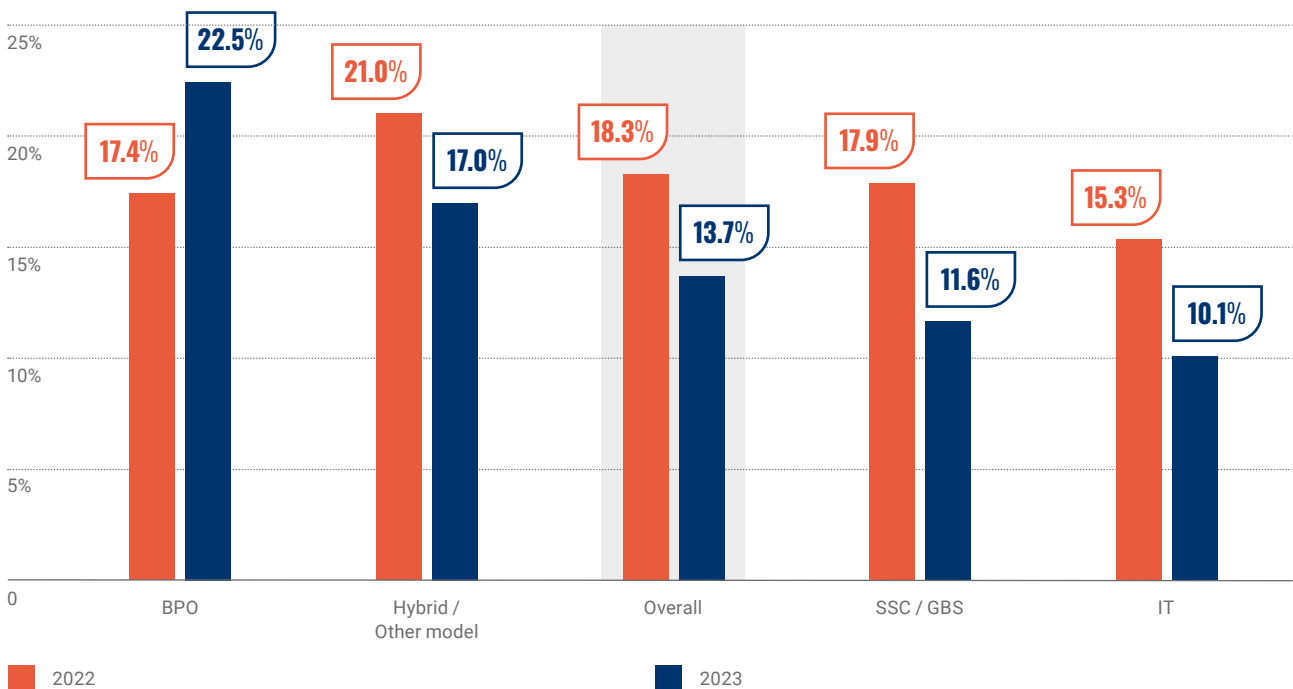
## EMPLOYEE TURNOVER

The voluntary turnover rate in business services centers, as analyzed by ABSL, is 13.7%. This figure has been growing since 2020 and reached 18.3% in 2022. It dropped to 13.7% for 2023, which reflects the changes in the labor market. The highest voluntary turnover rate was reported by BPO centers (22.5%).

The involuntary turnover rate (not dependent on the employee) for 2023 was 4.6% (0.4 p.p. higher than in the previous year). As in previous years, BPO centers reported the highest involuntary turnover rate.

**FIGURE 1.29**

VOLUNTARY TURNOVER RATE BY CENTER TYPE (%)

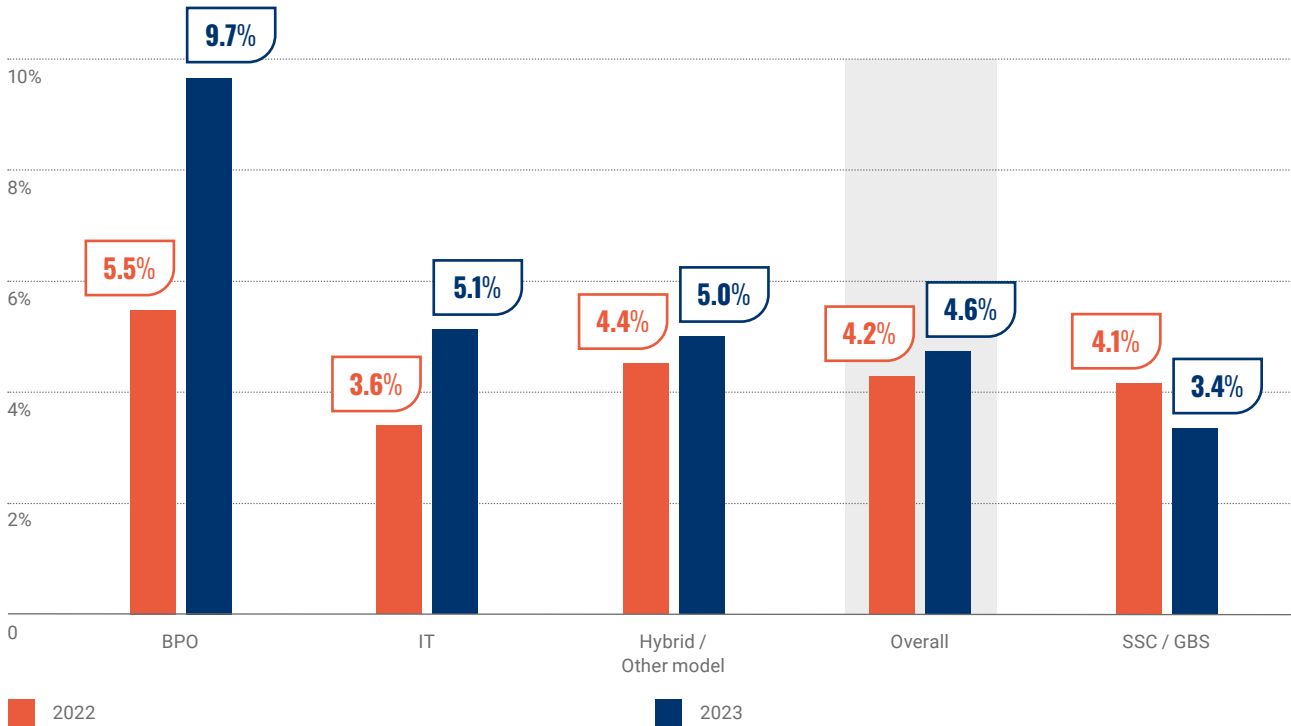


Source: ABSL's analysis based on the survey's results (N=153). The results are weighted by overall employment.

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in Poland at the end of Q1 2024

**FIGURE 1.30**

VOLUNTARY TURNOVER RATE BY CENTER TYPE (%)



Source: ABSL's analysis based on the survey's results (N=142). The results are weighted by overall employment.

## WOMEN IN THE INDUSTRY



**58.1%**

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



**43.9%**

Share of women in senior management.



**49.2%**

The share of women in first-line management.



**265,500**

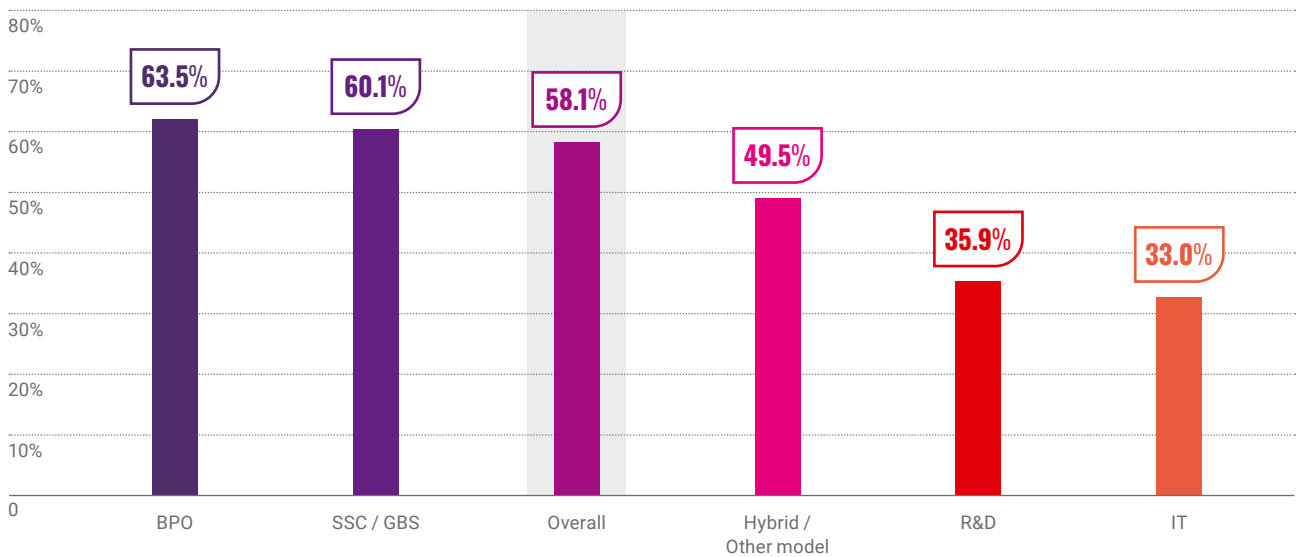
Estimated number of women in the industry in Poland.

At the end of Q1 2024, the share of women in overall employment was 58.1%.<sup>5</sup> In the case of first-line management (team leader level), it was 49.2%, and in the case of senior management the figure was 43.9%. It must be underlined that these levels are significantly higher than in other areas of the Polish economy.

The highest percentages are found in BPO and SSC/ GBS centers. However, unequal parenting circumstances is a factor which limits 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 1.31**

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



Source: ABSL's analysis based on the results of the survey. The results are weighted by overall employment (N=168).

## NON-PAYROLL BENEFITS

As highly skilled workers are the industry's most critical asset, the modern business service sector in Poland offers highly competitive salaries. It also provides its employees with a whole range

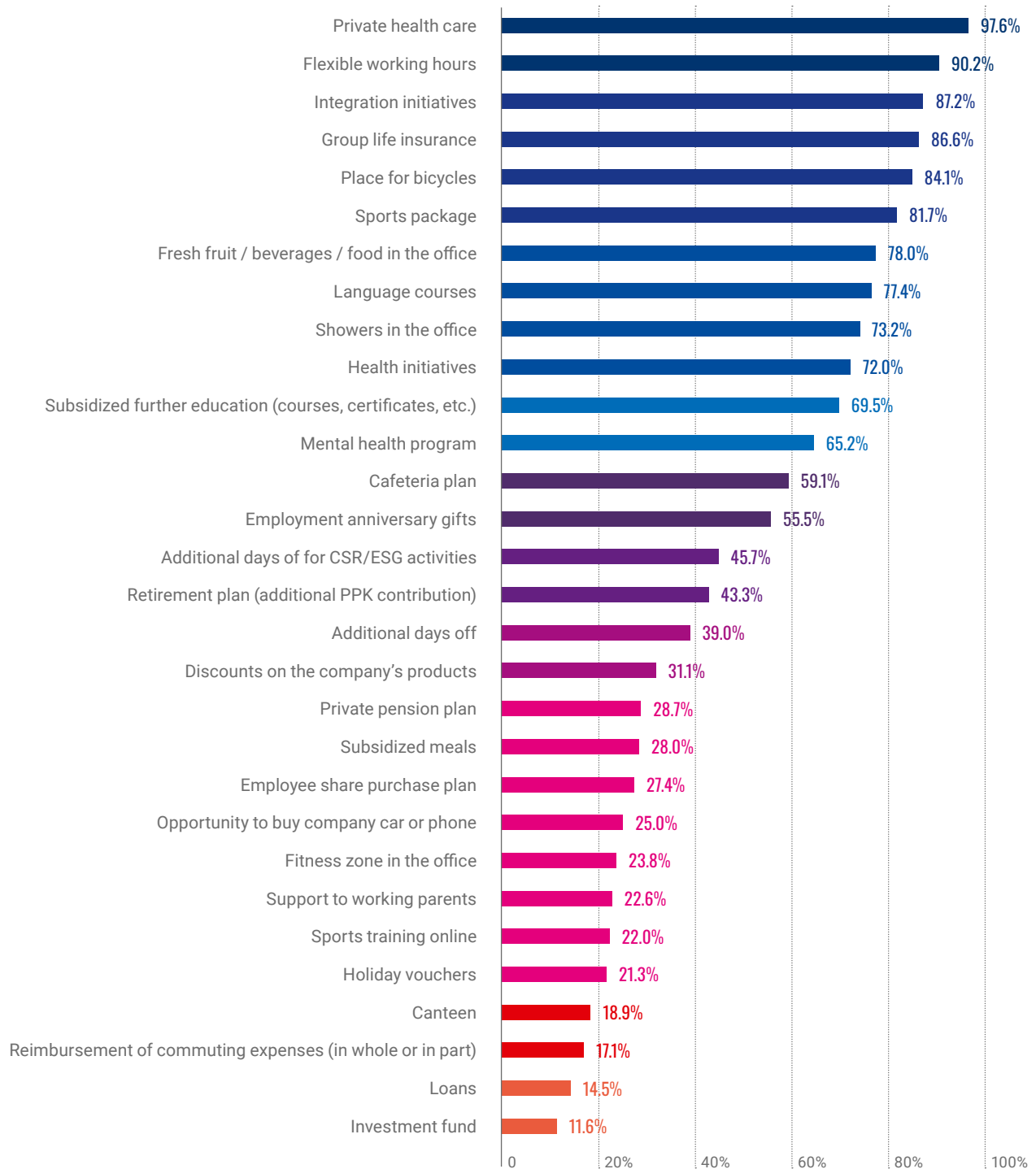
of non-payroll benefits that go well beyond what is standard in the Polish labor market. In this respect, the industry is a trendsetter for other industries.

<sup>5</sup> The results presented are weighted by employment in particular companies.

State of the modern business services sector  
in Poland at the end of Q1 2024

**FIGURE 1.32**

NON-PAYROLL BENEFITS & ALLOWANCES OFFERED TO EMPLOYEES AT THE END OF Q1 2024  
(% OF RESPONDENTS)



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

## B2B

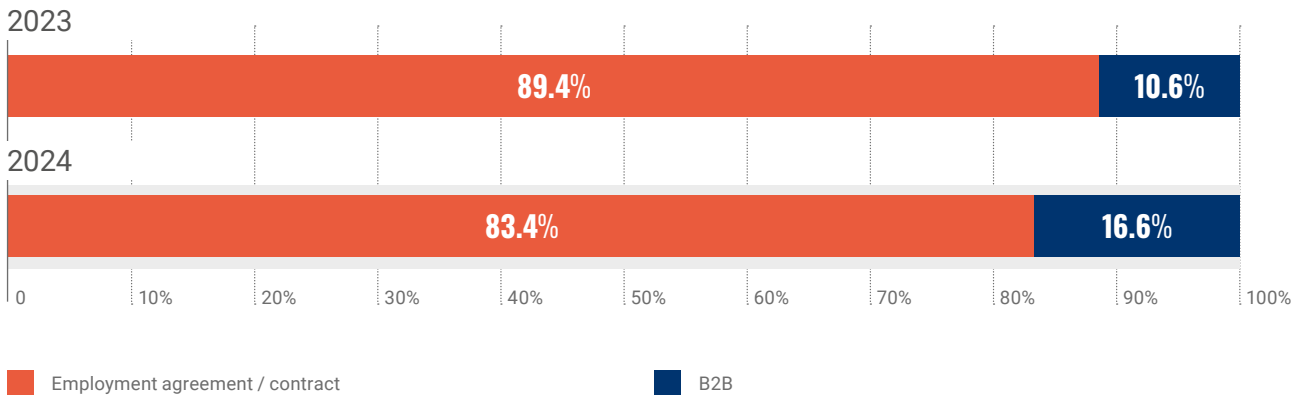
As in other sectors of the economy, B2B contracts have become common in KIBS, especially in IT processes. This has been possible primarily due to IT professionals' high qualifications and unique, demanded competencies. The development of B2B contracts stems from several factors. These include the ability to achieve better financial results, flexibility of operation, independence, and the possibility to provide services to various contractors.

Respondents were asked about the employment structure of employment agreement contracts vs. B2B. Only IT centers provided the answers to the questions on B2B. The structure for the responses for 2023 and 2024 are presented below.

Respondents were asked what the limitations of B2B agreements were, depending on the role/function. The results are presented separately for IT and non-IT centers.

**FIGURE 1.25**

EMPLOYMENT STRUCTURE (%) IN TERMS OF THE EMPLOYMENT FORM (EXCLUDING EXTERNAL PROVIDERS – BODY/TEAM LEASING). IT CENTERS ONLY

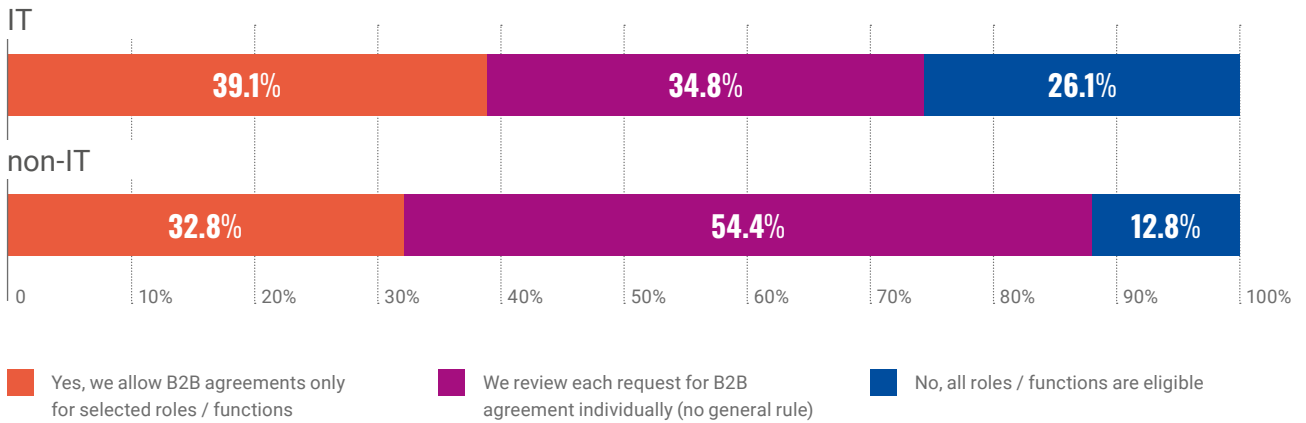


Source: ABSL's analysis based on the results of the survey (N=24 companies). The results are employment-weighted.

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.34**

ARE THERE ANY LIMITATIONS OF B2B AGREEMENTS DEPENDING ON THE ROLE / FUNCTION?

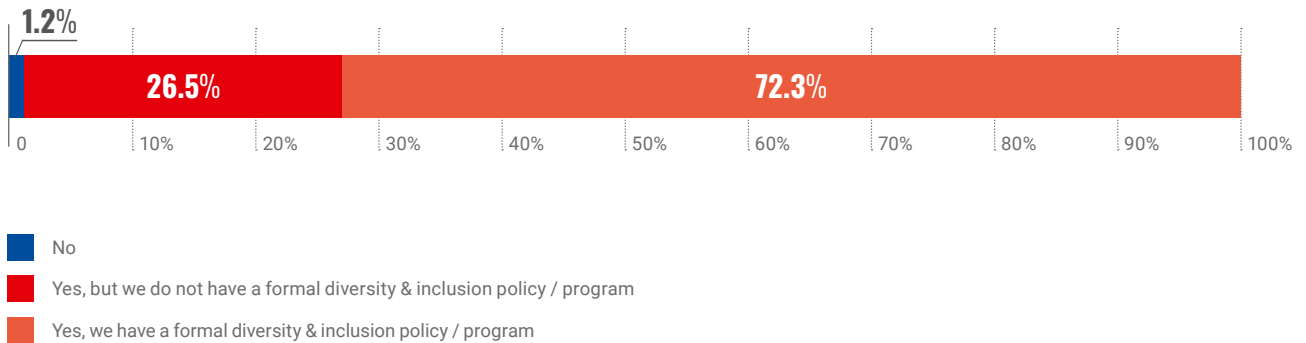


Source: ABSL's analysis based on the results of the survey (N=24 IT companies and N=125 non-IT companies)

## DIVERSITY, INCLUSION & BELONGING

**FIGURE 1.35**

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

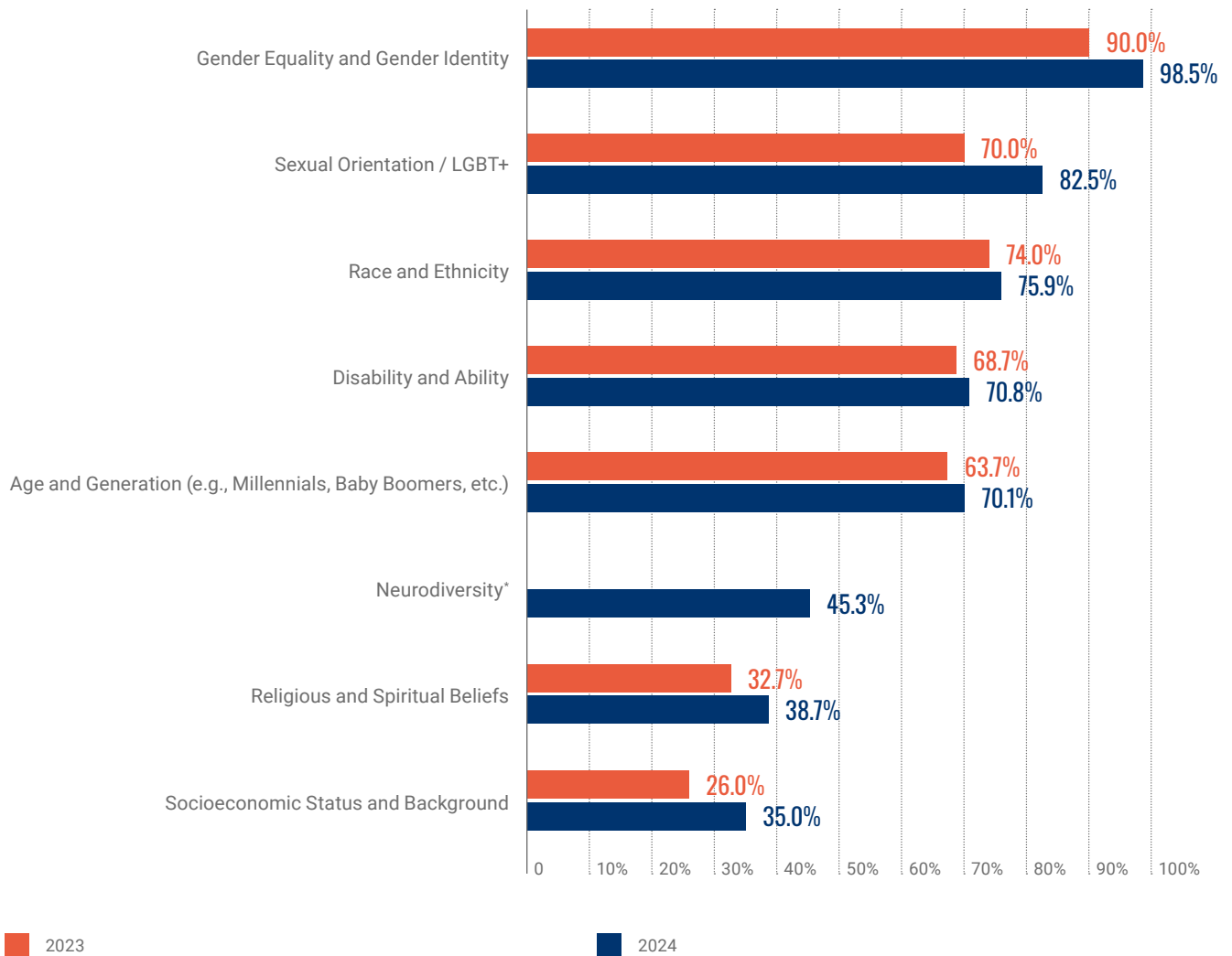


Source: ABSL's analysis based on the results of the survey (N=166)



**FIGURE 1.36**

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



\* Neurodiversity was not inquired in the previous report.

Source: ABSL's analysis based on the results of the survey (N=137)

State of the modern business services sector  
in Poland at the end of Q1 2024

# LOCATION OF BUSINESS SERVICES CENTERS



## 88

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



## 101,000

Two leaders – Kraków & Warsaw.



## 19

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

There are 88 locations where centers have created jobs, including 19 which employ 1,000 people or more. Changes are ongoing in the industry, 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>6</sup> employ 95.4% (436,200 people) of the industry's workforce.

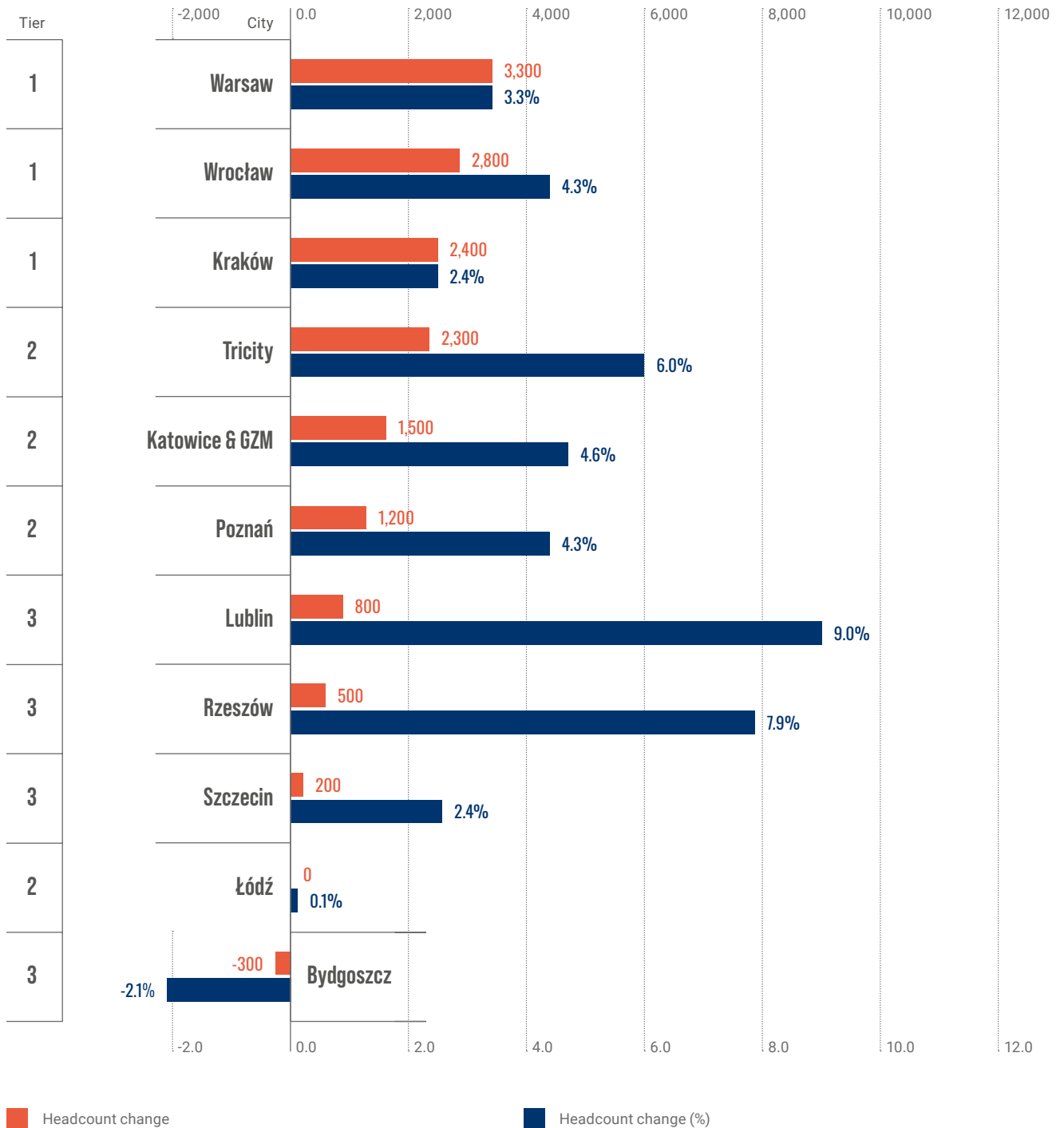
Regarding employment, the positions of two metropolises, Kraków and Warsaw were on a par with each other (101,000 each). The top three was completed by Wrocław (66,200).

Interesting changes can be observed (2023/2024), particularly in Tier 1, Tier 2, and Tier 3 locations. Overall employment in the industry grew by 3.8%, with the largest increases being registered in Lublin, Rzeszów, and Tricity.

<sup>6</sup> With employment above 5,000 people each.

**FIGURE 1.37**

CHANGES IN EMPLOYMENT (IN TIERS 1, 2, AND 3 LOCATIONS) BETWEEN Q1 2023 AND Q1 2024  
(PERCENT AND HEADCOUNT CHANGE)

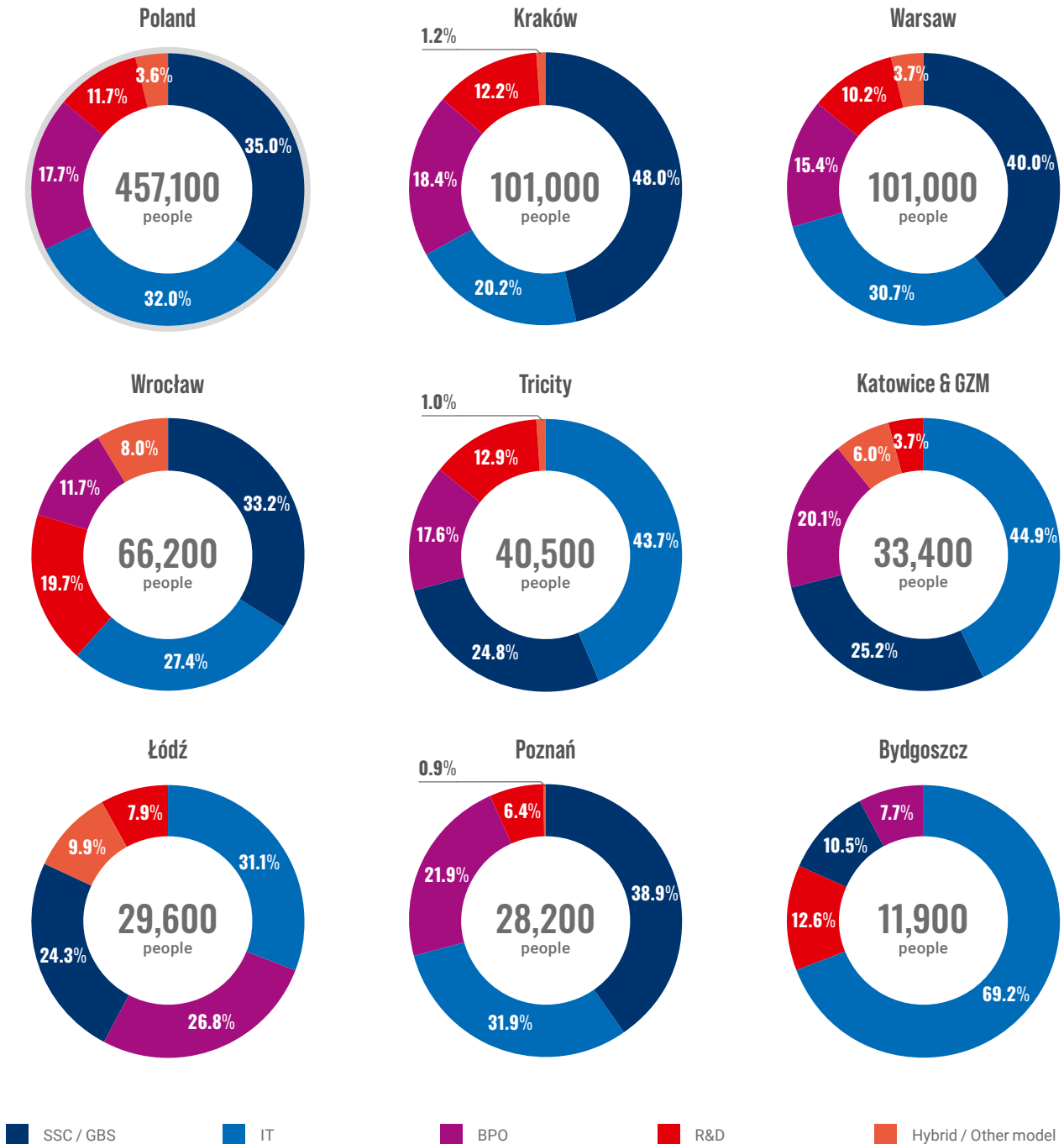


Source: ABSL's analysis based on the ABSL's business services centers' database

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.38**

EMPLOYMENT STRUCTURE OF SELECTED BUSINESS SERVICES LOCATIONS (WITH EMPLOYMENT EXCEEDING 10,000) BY TYPE OF CENTER (ACCORDING TO THE DOMINANT PROFILE OF OPERATIONS)



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

Over the years, the employment structure in the industry, by category of locations (tiers), has been relatively stable despite short-term fluctuations stemming from the activity of particular investors. Between 2019 and 2024, there has been

an increase in the share of Tier 1 (by 1.4 p.p.) and Tier 2 (by 0.2 p.p.), illustrating a long-term observed tendency of employment consolidation in main locations, and Tier 1 in particular.

**TABLE 1.5**

EMPLOYMENT IN THE SECTOR BY CATEGORY OF LOCATION; CHANGES BETWEEN 2019-2024

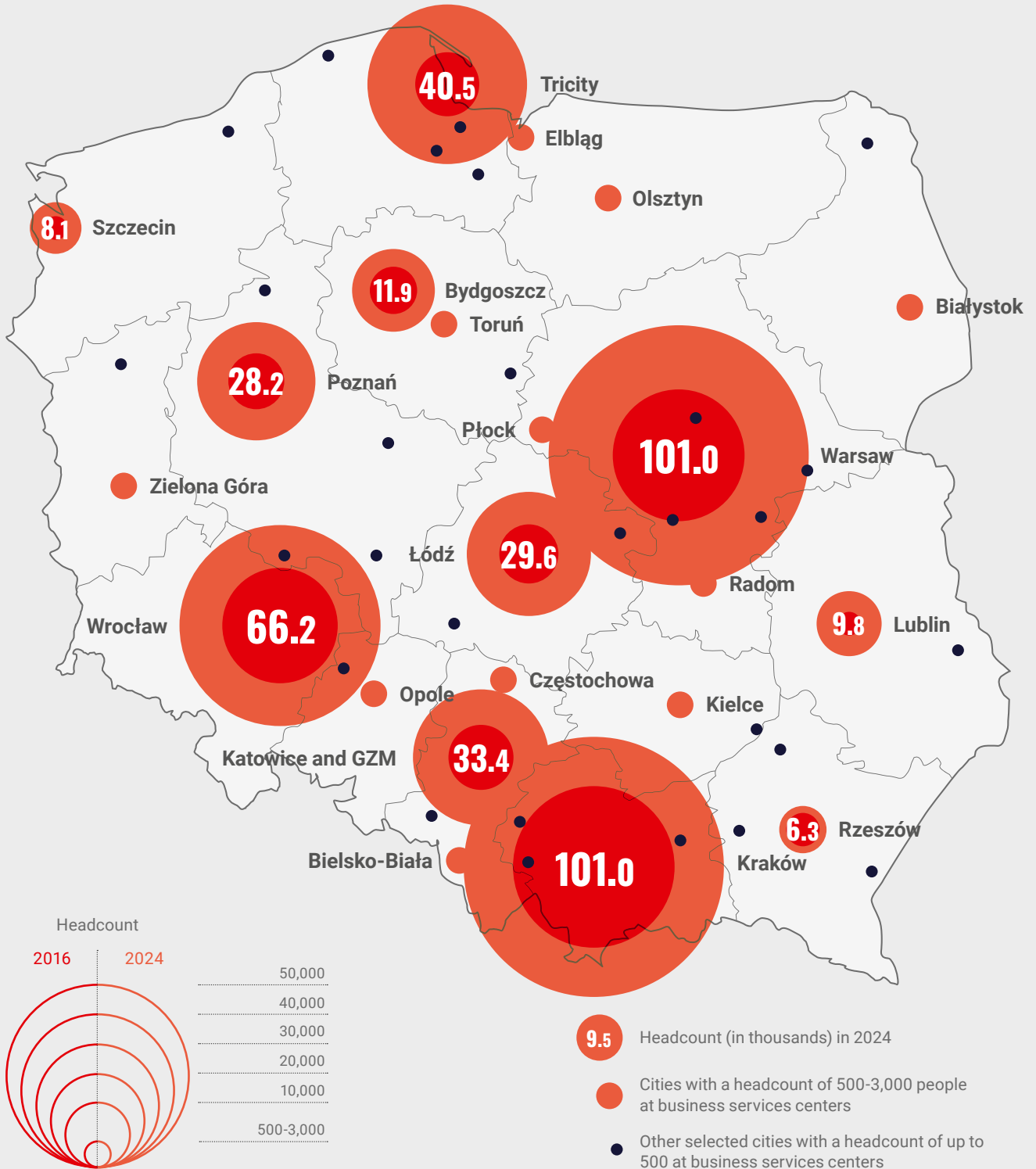
Tier	Locations	2019		2024		Change 2024-2019	
		Number of people	%	Number of people (% change over 2023)	%	Number of people	Percentage points
Tier 1	Kraków, Warsaw, Wrocław	174,600	57.2	268,200 (3.2)	58.7	93,600	1.4
Tier 2	Tricity, Katowice & GZM, Łódź, Poznań	87,600	28.7	131,900 (3.9)	28.9	44,400	0.2
Tier 3	Bydgoszcz, Lublin, Rzeszów, Szczecin	27,400	9.0	36,000 (3.5)	7.9	8,600	-1.1
Tier 4	Other (including Kielce, Bielsko-Biała, Białystok, Opole, Olsztyn, and Częstochowa)	15,500	5.1	21,000 (10.4)	4.6	5,500	-0.5

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

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.39**

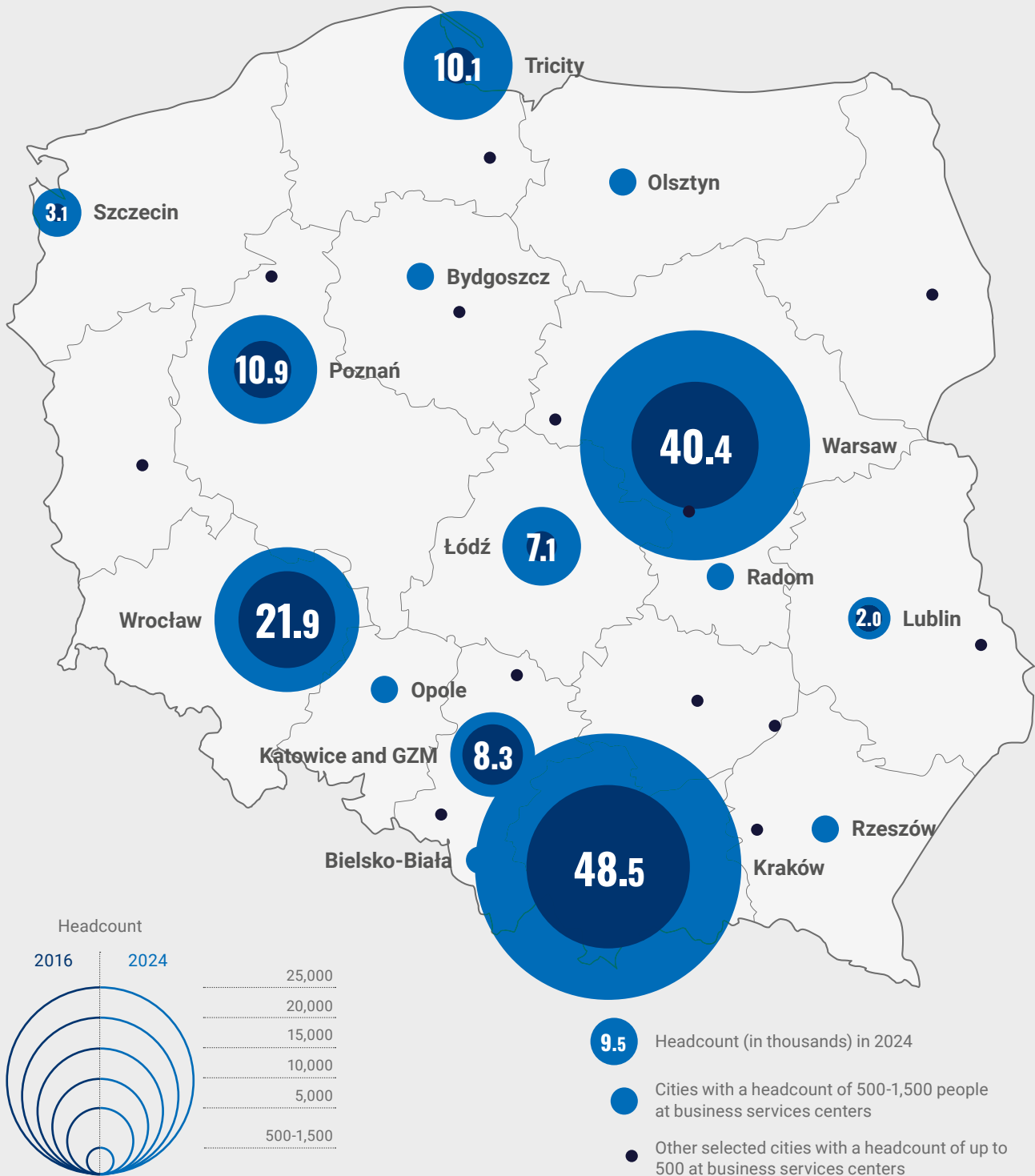
HEADCOUNT IN BUSINESS SERVICES CENTERS BY LOCATION



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

**FIGURE 1.40**

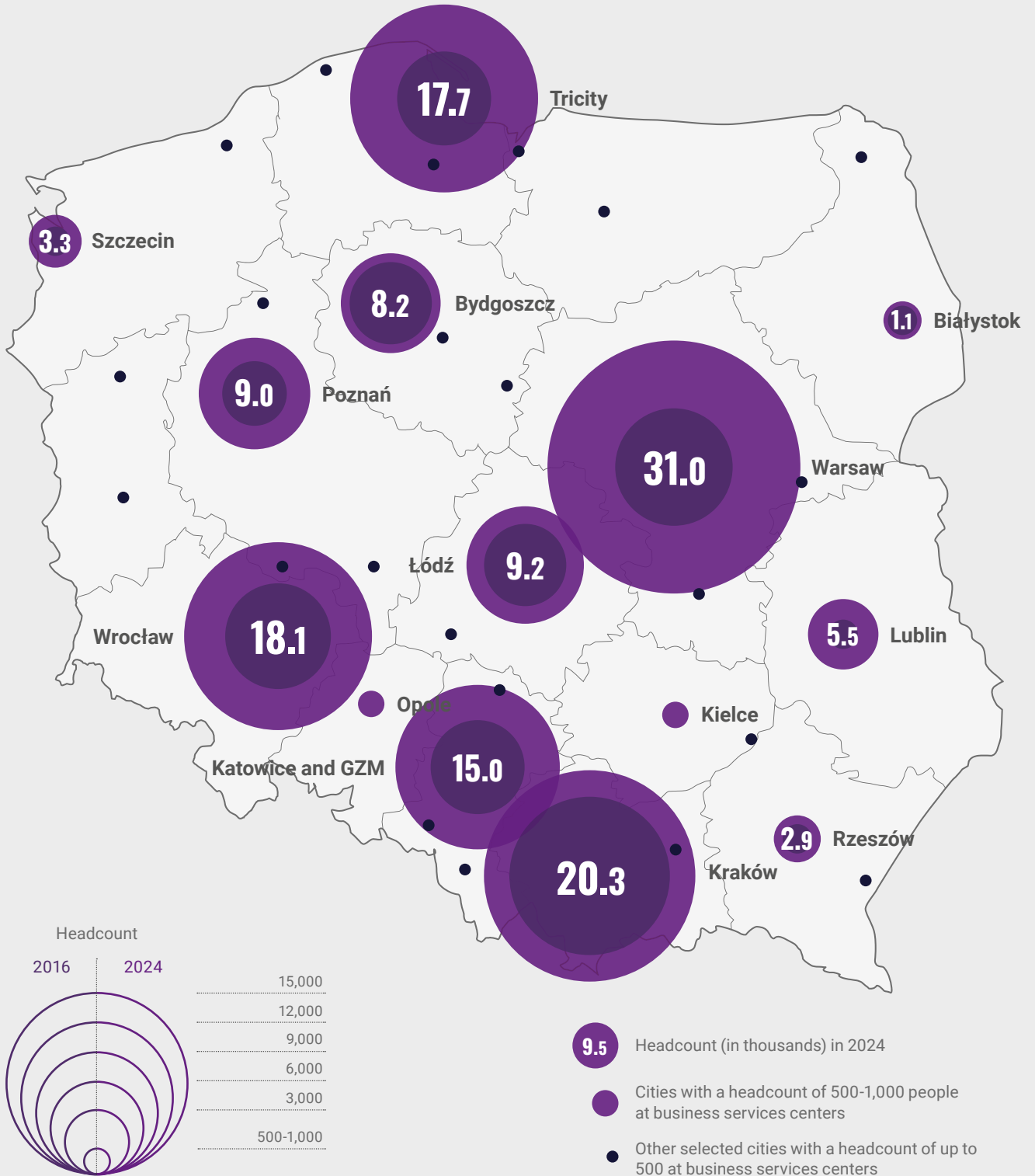
HEADCOUNT IN SSC / GBS CENTERS BY LOCATION



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

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.41**  
HEADCOUNT IN IT CENTERS BY LOCATION

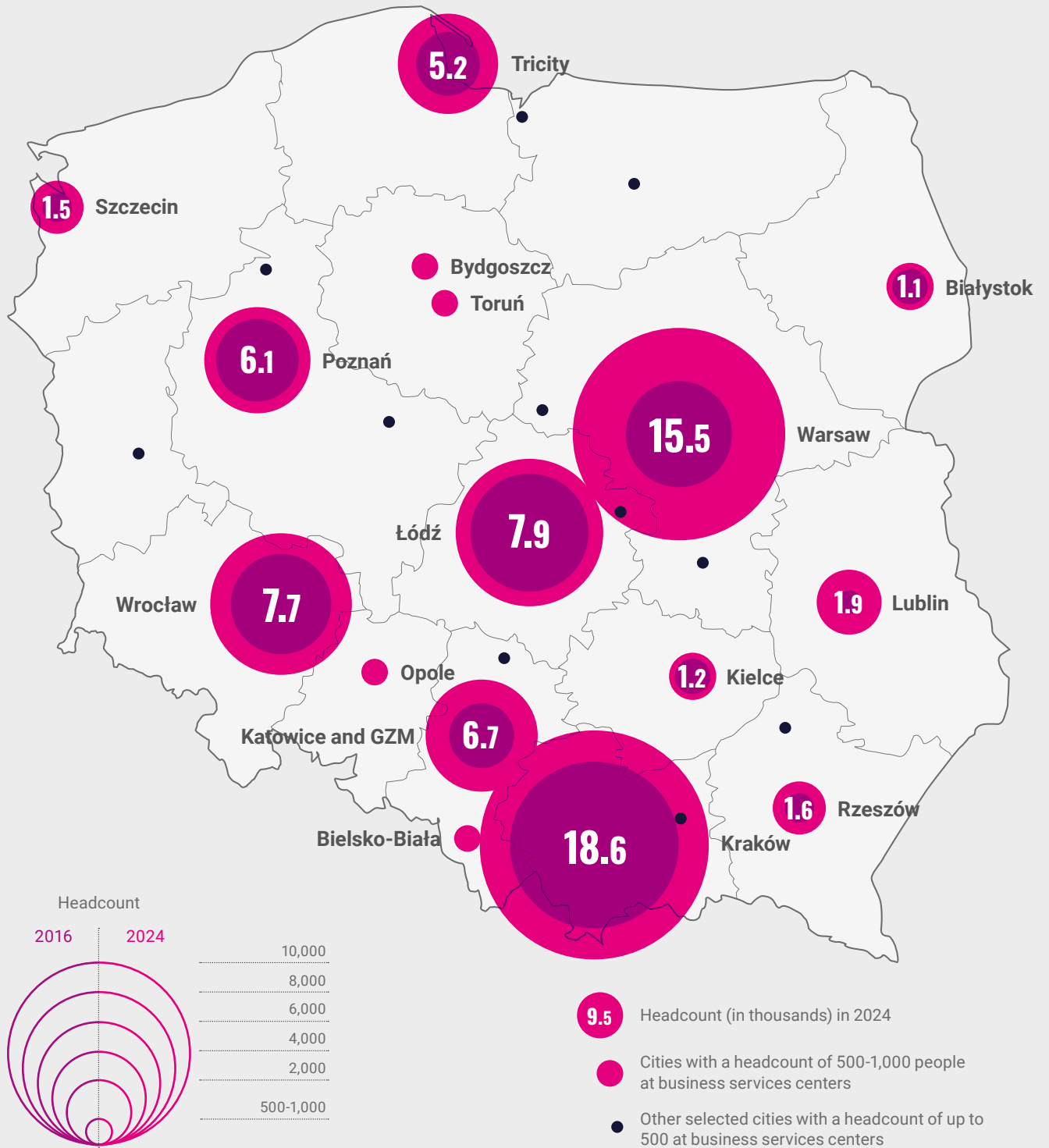


Source: ABSL's analysis based on the ABSL's business services centers' database



**FIGURE 1.42**

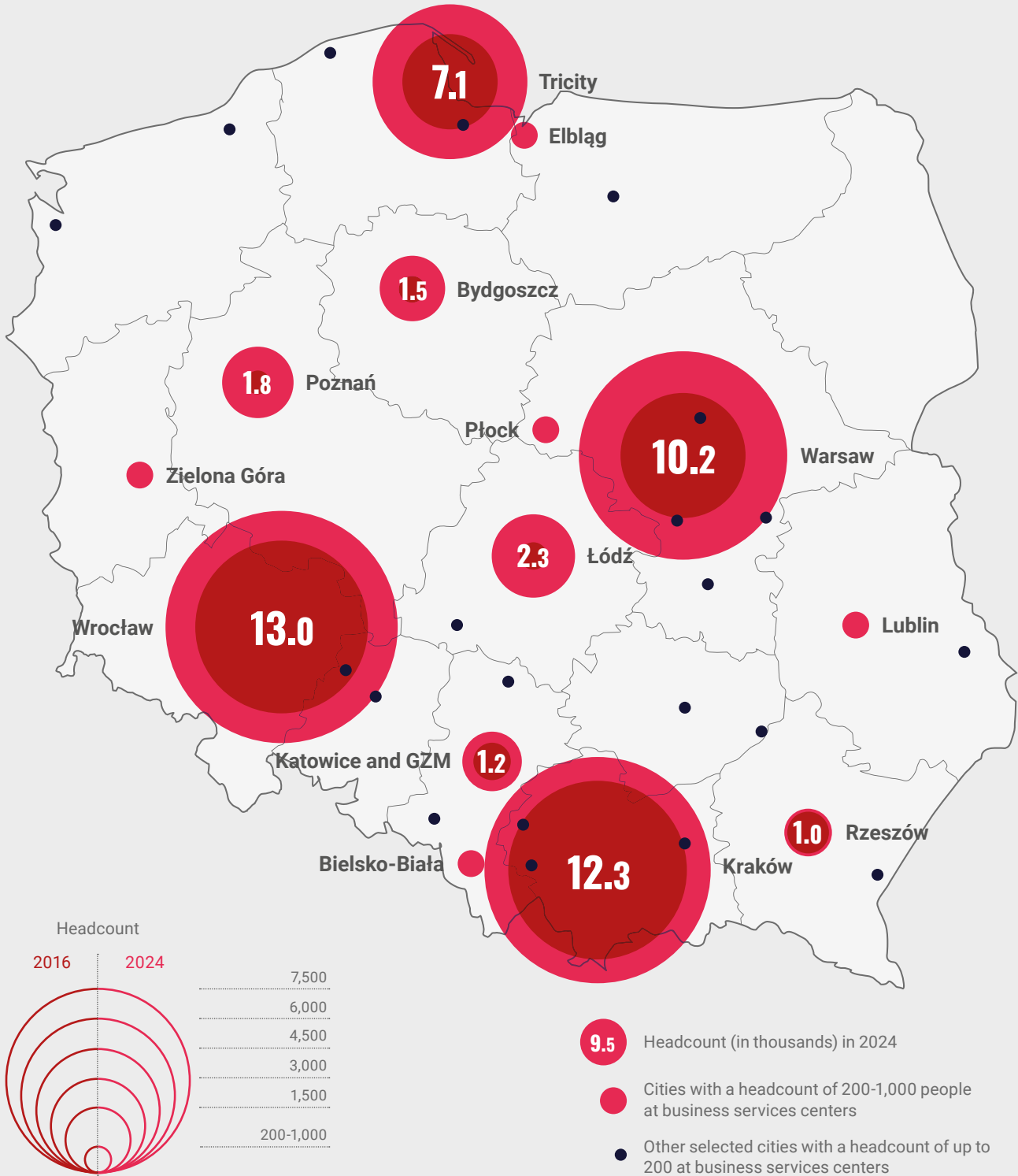
HEADCOUNT IN BPO CENTERS BY LOCATION



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

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.43**  
HEADCOUNT IN R&D CENTERS BY LOCATION



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

# 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 identifies specific locations in Poland where the modern business services sector presents a clear local specialization. As in previous editions, we have used an approach based on the location quotient (LQ).

We have kept the methodology from last year's edition that relates employment in the sector and in a given location to total jobs in an 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 2023).

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

The location quotient value (LQ) is the determination of locations where employment in the business services centers is "over-represented" (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 an LQ of

25.0% above the national average, enabling LQ>1.25. We provide the figures separately for Katowice and Katowice as part of GZM (Katowice & GZM).

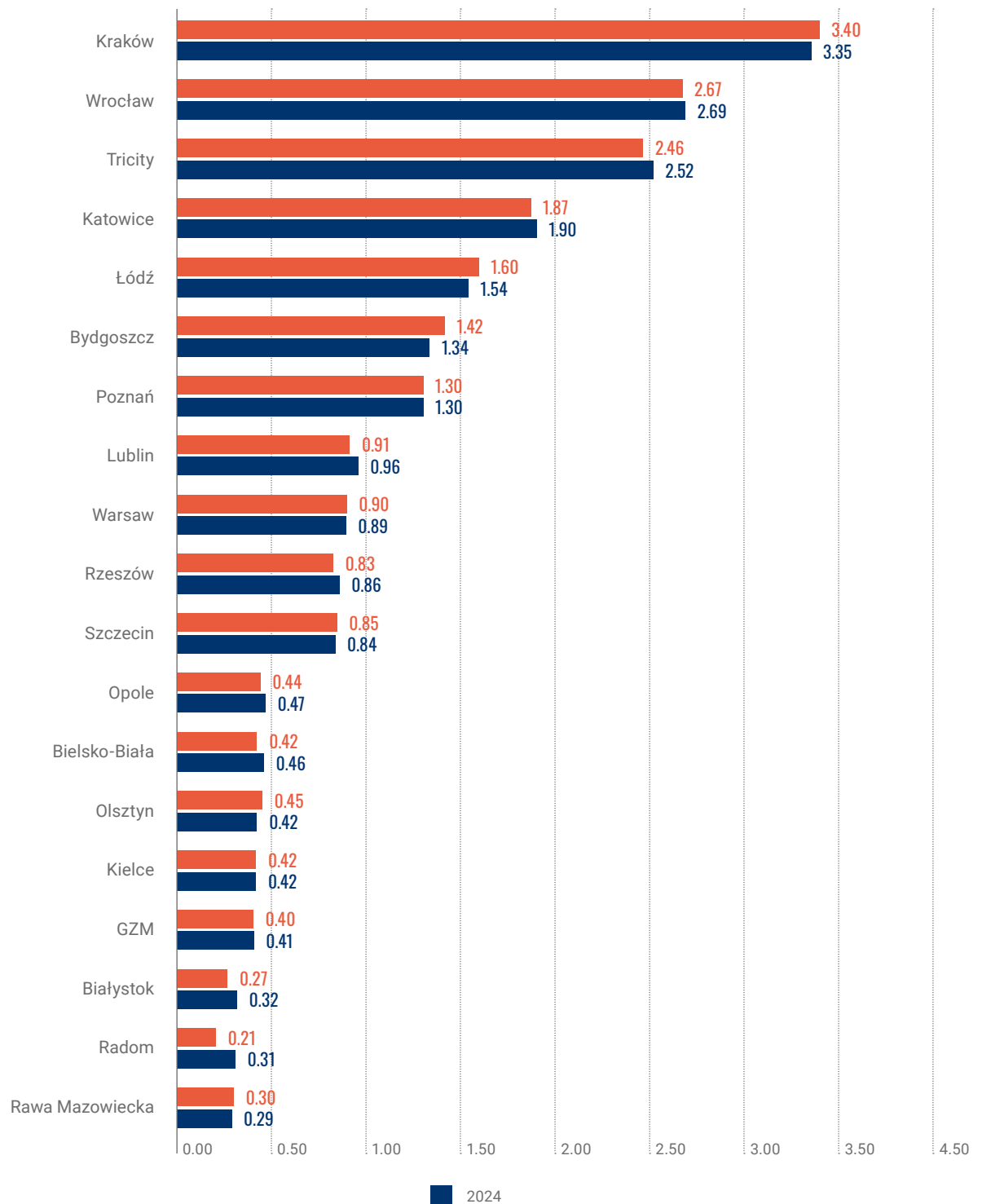
We would like to note that we had to adjust the source of data utilized for LQ calculation due to adjustments made by Statistics Poland (GUS). For 2022 onwards, the data is now sourced from the BDL dataset on employment registered by headquarters. Due to the adjustment made, we were able to recalculate the LQ for 2023 and calculate the data for 2024 only. Prior LQ values cannot be directly comparable. The cities most affected by the adjustments in the GUS series are Tricity (upwards) and Warsaw (downwards).

With the above considerations taken into account, at the end of Q1 2024, the modern business services sector can be regarded as a strong local specialization in Kraków (LQ 3.4), Wrocław (2.7), Tricity (2.5), Katowice (1.9), Łódź (1.5), Bydgoszcz & Poznań (1.3). Lublin is at the benchmark value of 1.0. Warsaw, Rzeszów, and Szczecin have LQ levels below 1.

State of the modern business services sector  
in Poland at the end of Q1 2024

**FIGURE 1.44**

LOCATION QUOTIENT FOR THE MODERN BUSINESS SERVICES CENTERS' SECTOR IN 2024 AND 2023



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

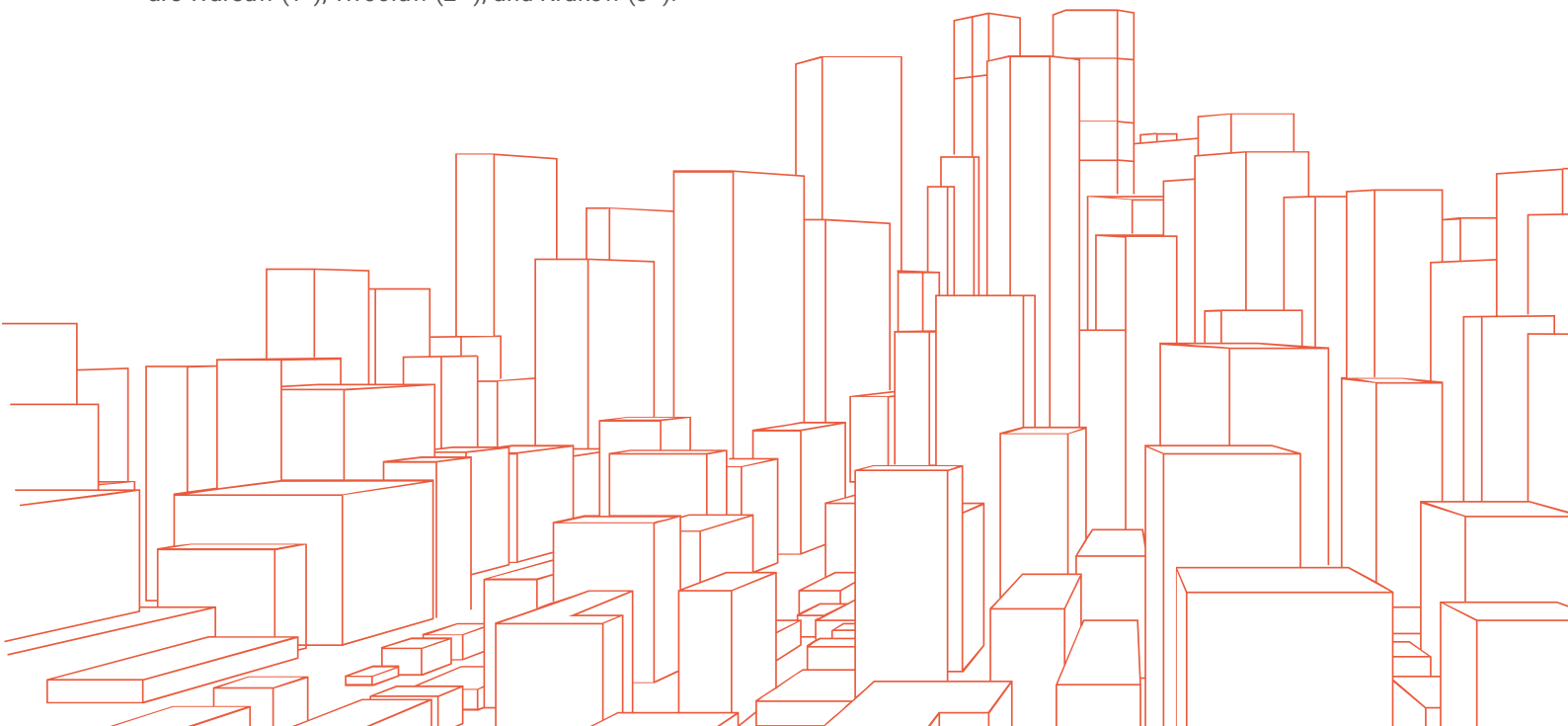
## ASSESSMENT OF LOCATIONS AS A PLACE FOR DOING BUSINESS

An assessment of factors affecting doing business in particular locations in Poland is a part of the ABSL annual survey. It is done by 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 evaluated. We obtained information from respondents in 15 towns/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, Kraków, Wrocław, Poznań, Tricity, Katowice & GZM, and Łódź. There were 221 responses concerning these cities. We applied the Likert scale, which enabled us to depict 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 managers. The top three cities, in the overall ranking in this year's assessment are Warsaw (1<sup>st</sup>), Wrocław (2<sup>nd</sup>), and Kraków (3<sup>rd</sup>).

As in the previous year's edition of the subjective ranking, we have presented an alternative approach. It negates the case of a particular city ranking low in the majority of attractiveness assessment categories, while obtaining high scores in its overall position. It is calculated by Absl on the basis of average indications of respondents in all categories of evaluation, omitting "general position in the subjective ranking by managers". It puts Warsaw in the first position, Kraków (2<sup>nd</sup>), and Poznań (3<sup>rd</sup>).

With hybrid work patterns (and a partial return to office), work from anywhere increasingly more important, processes services becoming more standardized, and "footloose" AI taking prominent functions in the industry, the role of locations and their specific advantages are expected to diminish.



State of the modern business services sector  
in Poland at the end of Q1 2024

**TABLE 1.6**

ASSESSMENT OF LOCATIONS AS A PLACE FOR DOING BUSINESS (2024)

The overall position in the ranking <sup>#</sup>			
	1	2	3
	<b>WARSAW</b> (Warsaw)	<b>KRAKÓW</b> (Wrocław)	<b>POZNAŃ</b> (Tricity)
The overall position in the subjective ranking by managers			
	1	2	3
	<b>WARSAW</b> (Wrocław)	<b>WROCŁAW</b> (Warsaw)	<b>KRAKÓW</b> (Tricity)
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>WARSAW</b> (Warsaw)	<b>WROCŁAW</b> (Wrocław)
City accessibility by airport	<b>WARSAW</b> (Warsaw)	<b>KRAKÓW</b> (Kraków)	<b>TRICITY</b> (Wrocław)
City accessibility by road	<b>WARSAW</b> (Warsaw)	<b>KATOWICE &amp; GZM</b> (Poznań)	<b>TRICITY</b> (Łódź)
City accessibility by train	<b>WARSAW</b> (Warsaw)	<b>TRICITY</b> (Tricity)	<b>KRAKÓW</b> (Kraków)
Quality of public transport	<b>WARSAW</b> (Warsaw)	<b>POZNAŃ</b> (Poznań)	<b>KRAKÓW</b> (Wrocław)
Perception of the general quality of life	<b>TRICITY</b> (Tricity)	<b>POZNAŃ, WARSAW</b> (Wrocław)	- (Warsaw)

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

(City) 2023 rankings

# calculated by ABSL

\* cities with the same position

The information above reflects the opinions of the centers' representatives. It 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 an agglomeration's 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 analysis based on the results of the survey (N=170)



The background features a complex, abstract composition. On the left, there are dynamic, flowing shapes of golden liquid, possibly representing a fountain or a splash, with highlights and shadows that create a sense of movement and depth. The right side of the image is dominated by a grid of small, evenly spaced red dots, which is partially overlaid by the liquid-like forms. The overall color palette is warm, consisting of various shades of gold, brown, and black, with the red dots providing a sharp contrast. The text 'CITY PROFILES' is centered horizontally and partially overlaps the liquid and dot patterns.

**CITY PROFILES**



# KRAKÓW



**101,000**

Number of employees in business services centers in 2024



**7.1%**

Accumulated job growth in the sector (CAGR) 2019-2024



**288**

Number of business services centers (Q1 2024)



**29,331**

Number of jobs created since Q1 2019



**45**

Number of centers employing a minimum of 500 people (Q1 2024)



**3.4**

Location Quotient



**9**

Number of new centers established in 2023 and 2024



**104,000**

The forecast for the number of jobs in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

Genuine Parts Company

Project 44

Persistent Systems

Huntsman Corporation

State of the modern business services sector  
in Poland at the end of Q1 2024

# WARSAW



## 101,000

Number of employees in business  
services centers in 2024



## 12.1%

Accumulated job growth in the sector  
(CAGR) 2019-2024



## 376

Number of business services centers  
(Q1 2024)



## 43,960

Number of jobs created  
since Q1 2019



## 60

Number of centers employing a minimum  
of 500 people (Q1 2024)



## 0.9

Location Quotient



## 8

Number of new centers established  
in 2023 and 2024



## 106,000

The forecast for the number of jobs  
in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

---

AIBY Inc.

---

Okta Inc.

---

Asana

---

ITH Development

---

Wimbee

# WROCLAW



**66,200**

Number of employees in business services centers in 2024



**6.4%**

Accumulated job growth in the sector (CAGR) 2019-2024



**234**

Number of business services centers (Q1 2024)



**17,643**

Number of jobs created since Q1 2019



**32**

Number of centers employing a minimum of 500 people (Q1 2024)



**2.7**

Location Quotient



**10**

Number of new centers established in 2023 and 2024



**67,600**

The forecast for the number of jobs in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

IAV

KOSTAL Group

Aryzta Europe Business Service Center Sp. z o.o.

dmTech



State of the modern business services sector  
in Poland at the end of Q1 2024

# TRICITY



## 40,500

Number of employees in business  
services centers in 2024



## 9.9%

Accumulated job growth in the sector  
(CAGR) 2019-2024



## 209

Number of business services centers  
(Q1 2024)



## 15,255

Number of jobs created  
since Q1 2019



## 16

Number of centers employing a minimum  
of 500 people (Q1 2024)



## 2.5

Location Quotient



## 5

Number of new centers established  
in 2023 and 2024



## 42,200

The forecast for the number of jobs  
in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

---

Archer

---

Siemens Gamesa

---

Northvolt Global Scaling Services

---

# KATOWICE & GZM



**33,400**

Number of employees in business services centers in 2024



**7.0%**

Accumulated job growth in the sector (CAGR) 2019-2024



**140**

Number of business services centers (Q1 2024)



**9,539**

Number of jobs created since Q1 2019



**19**

Number of centers employing a minimum of 500 people (Q1 2024)



**1.9\***

Location Quotient



**5**

Number of new centers established in 2023 and 2024



**34,300**

The forecast for the number of jobs in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

Vaillant

Orbus Software Poland

Forte Digital

Hatch

\* LQ for GZM without Katowice equals 0.4

State of the modern business services sector  
in Poland at the end of Q1 2024

# ŁÓDŹ



## 29,600

Number of employees in business services centers in 2024



## 4.6%

Accumulated job growth in the sector (CAGR) 2019-2024



## 120

Number of business services centers (Q1 2024)



## 5,917

Number of jobs created since Q1 2019



## 16

Number of centers employing a minimum of 500 people (Q1 2024)



## 1.5

Location Quotient



## 5

Number of new centers established in 2023 and 2024



## 30,000

The forecast for the number of jobs in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

---

Primient

---

Alorica

---

Mobidev



# POZNAŃ



## 28,200

Number of employees in business services centers in 2024



## 10.6%

Accumulated job growth in the sector (CAGR) 2019-2024



## 152

Number of business services centers (Q1 2024)



## 11,168

Number of jobs created since Q1 2019



## 15

Number of centers employing a minimum of 500 people (Q1 2024)



## 1.3

Location Quotient



## 11

Number of new centers established in 2023 and 2024



## 29,200

The forecast for the number of jobs in the sector in Q1 2025

## EXAMPLES OF NEW INVESTMENTS

SymphonyAI NetReveal

Atotech an MKS Brand

OLX

Promwad

PROTIM Sp. z o.o.

Viseven

Grace

Dürr Poland

Revalize Center of Excellence

State of the modern business services sector  
in Poland at the end of Q1 2024

# BYDGOSZCZ



## 11,900

Number of employees in business  
services centers in 2024



## 4.3%

Accumulated job growth in the sector  
(CAGR) 2019-2024



## 49

Number of business services centers  
(Q1 2024)



## 2,259

Number of jobs created  
since Q1 2019



## 4

Number of centers employing a minimum  
of 500 people (Q1 2024)



## 1.3

Location Quotient



## 1

Number of new centers established  
in 2024 and 2024



## 12,300

The forecast for the number of jobs  
in the sector in Q1 2025



# LUBLIN



**9,800**

Number of employees in business services centers in 2024



**6.2%**

Accumulated job growth in the sector (CAGR) 2019-2024



**79**

Number of business services centers (Q1 2024)



**2,543**

Number of jobs created since Q1 2019



**6**

Number of centers employing a minimum of 500 people (Q1 2024)



**1.0**

Location Quotient



**3**

Number of new centers established in 2023 and 2024



**9,800**

The forecast for the number of jobs in the sector in Q1 2025

State of the modern business services sector  
in Poland at the end of Q1 2024

# SZCZECIN



## 8,200

Number of employees in business  
services centers in 2024



## 7.7%

Accumulated job growth in the sector  
(CAGR) 2019-2024



## 67

Number of business services centers  
(Q1 2024)



## 2,539

Number of jobs created  
since Q1 2019



## 3

Number of centers employing a minimum  
of 500 people (Q1 2024)



## 0.8

Location Quotient



## 0

Number of new centers established  
in 2023 and 2024



## 8,700

The forecast for the number of jobs  
in the sector in Q1 2025

# RZESZÓW



**6,300**

Number of employees in business services centers in 2024



**3.5%**

Accumulated job growth in the sector (CAGR) 2019-2024



**47**

Number of business services centers (Q1 2024)



**993**

Number of jobs created since Q1 2019



**4**

Number of centers employing a minimum of 500 people (Q1 2024)



**0.8**

Location Quotient



**0**

Number of new centers established in 2023 and 2024



**6,200**

The forecast for the number of jobs in the sector in Q1 2025

State of the modern business services sector in Poland at the end of Q1 2024

# USE OF PROGRAMMING LANGUAGE, IT TECHNOLOGIES, METHODS, AND MODELS

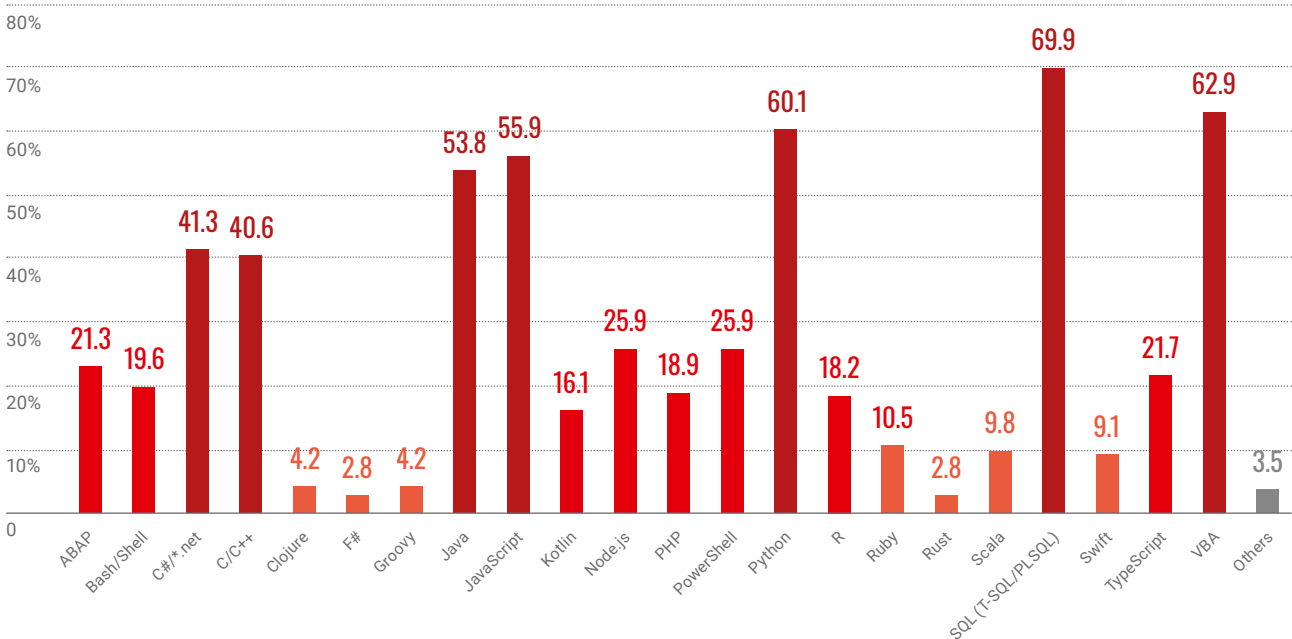
## PROGRAMMING LANGUAGES

At the end of Q1 2024, the most popular programming languages in the industry’s centers in Poland included SQL, Python, VBA, Java, and Javascript, followed by C#/.net/C/C++ language family. The results are in line with global trends and the results of previous ABSL surveys.

The use differs among IT/ITOs, with a more intensive use overall of programming languages, with the most significant role played by Java, Javascript, Python, and C#/.net (utilized by more than or close to 70.0% of centers). The role of VBA among IT/ITOs is significantly lower than the industry average. Typescript and Node.js stand out, as they did last year.

**FIGURE 1.45**

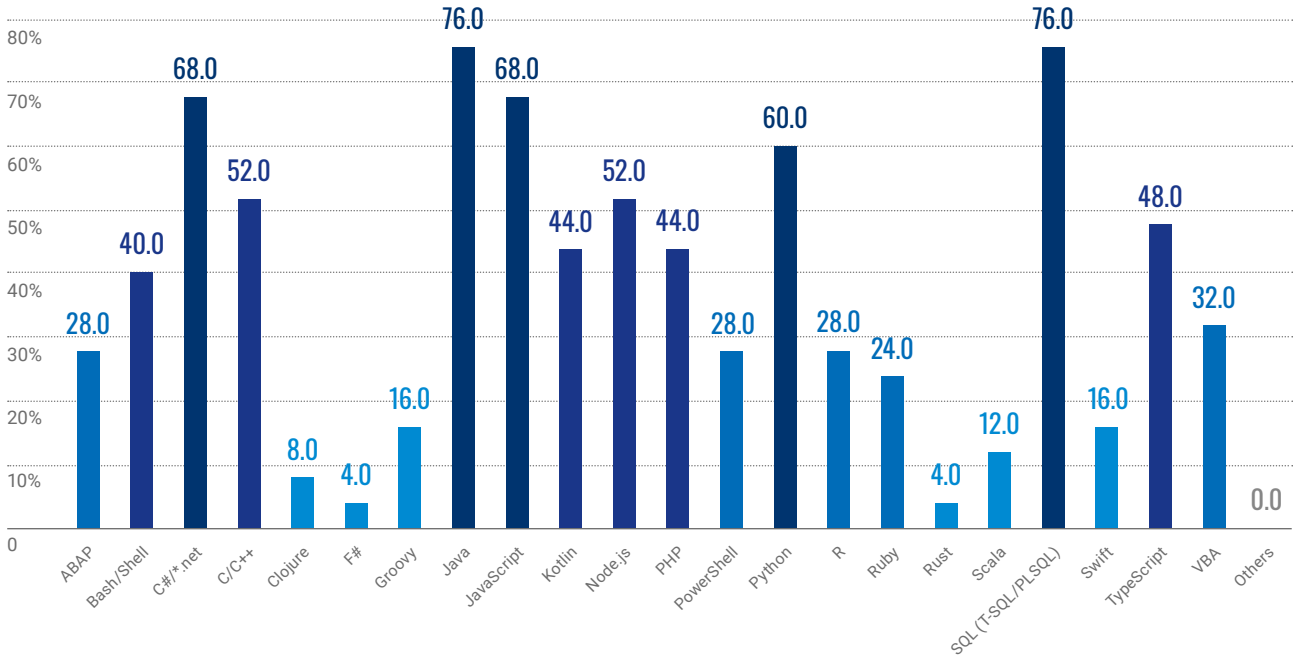
UTILIZATION OF PROGRAMMING LANGUAGES AT THE END OF Q1 2024 (% OF RESPONSES) – OVERALL



Source: ABSL’s analysis based on the results of the survey (N=143)

**FIGURE 1.46**

UTILIZATION OF PROGRAMMING LANGUAGES AT THE END OF Q1 2024 (% OF RESPONSES)  
– IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=25)

## CLOUD TECHNOLOGIES

Despite the complex nature of large-scale cloud transformation initiatives, cloud transformation is gaining pace, which aligns with previous 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.

With regard to cloud technologies, centers in Poland at the end of Q1 2024 utilized the whole spectrum of available technologies with Microsoft Azure being the clear leader (used by 72.5% of firms) followed by AWS (37.3%) and Google Cloud (33.8%).

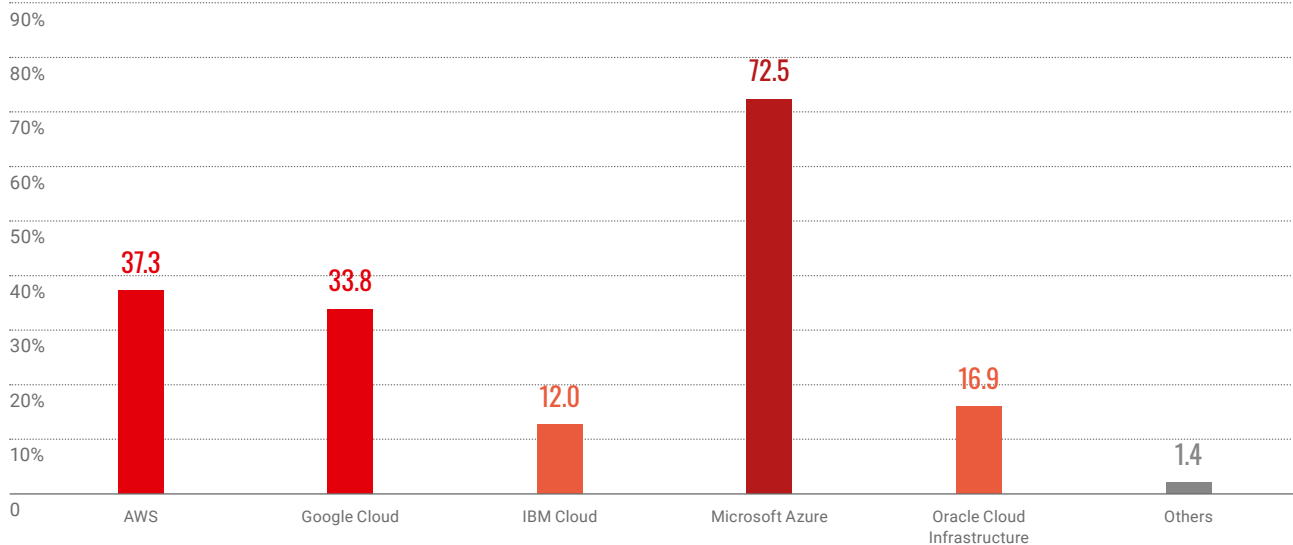
Among IT/ITOs, the structure of cloud provider usage is more balanced, with over 50.0% of firms reporting the use of the top three cloud providers. Microsoft Azure leads the way at 80%, followed closely by AWS at 72% and Google Cloud at 56%. Oracle and IBM solutions are less popular at this stage – utilized by one in five firms. This balanced distribution instills confidence in utilized cloud strategies, knowing that firms are not overly reliant on a single provider.



State of the modern business services sector  
in Poland at the end of Q1 2024

**FIGURE 1.47**

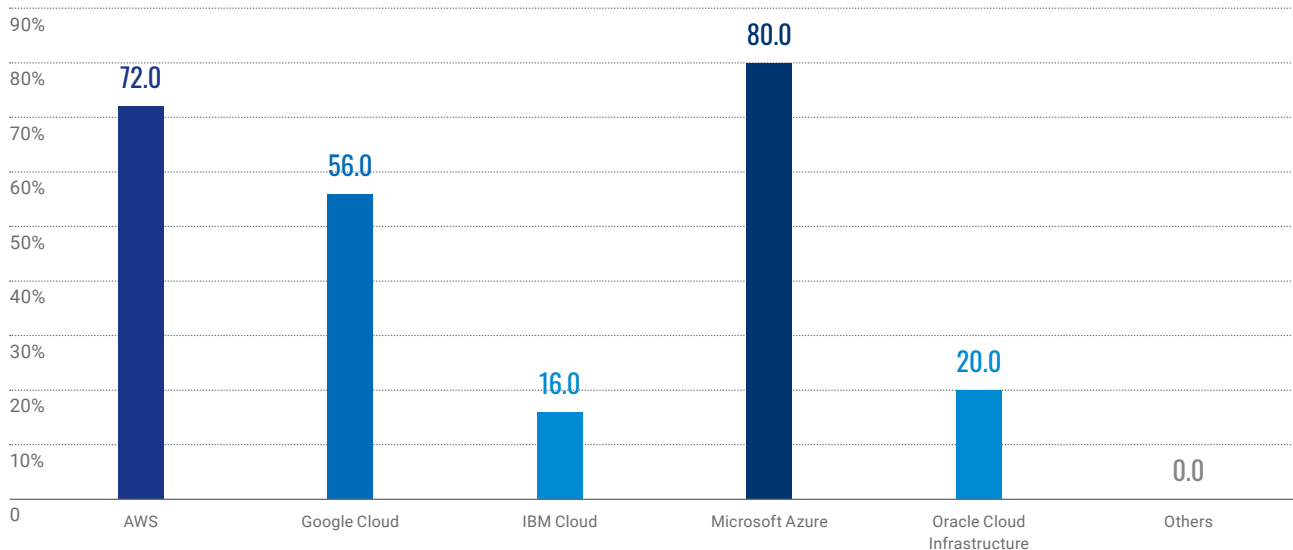
UTILIZATION OF CLOUD TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=142)

**FIGURE 1.48**

UTILIZATION OF PROGRAMMING LANGUAGES AT THE END OF Q1 2024 (% OF RESPONSES)  
– IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=25)

## DATA & BIG DATA

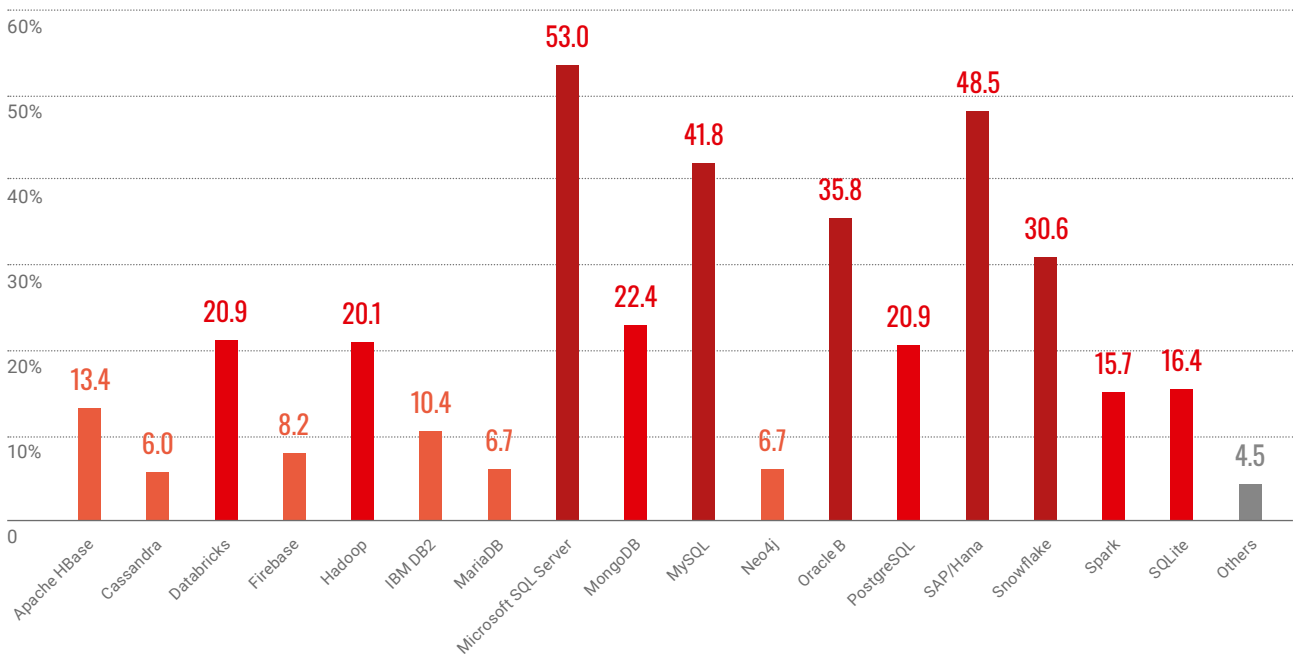
The significance of data in different forms and types, structured and unstructured, and the volumes of data collected are increasing. Technologies allow data to be effectively collected, processed, stored, combined, visualized, and utilized in more advanced predictive analyses.

Among the IT/ITOs, the most favored data solutions were MySQL, Microsoft SQL Server, and MongoDB, with Oracle DB and PostgreSQL also being widely used by 50.0% or more of firms. The adoption of Hadoop and Snowflake is also showing a clear year-on-year increase.

At the end of Q1 2024, the most popular technologies, platforms, and tools related to data were Microsoft SQL Server (utilized by 53%), followed by SAP/Hana and MySQL.

**FIGURE 1.49**

UTILIZATION OF DATA & BIG DATA TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES)

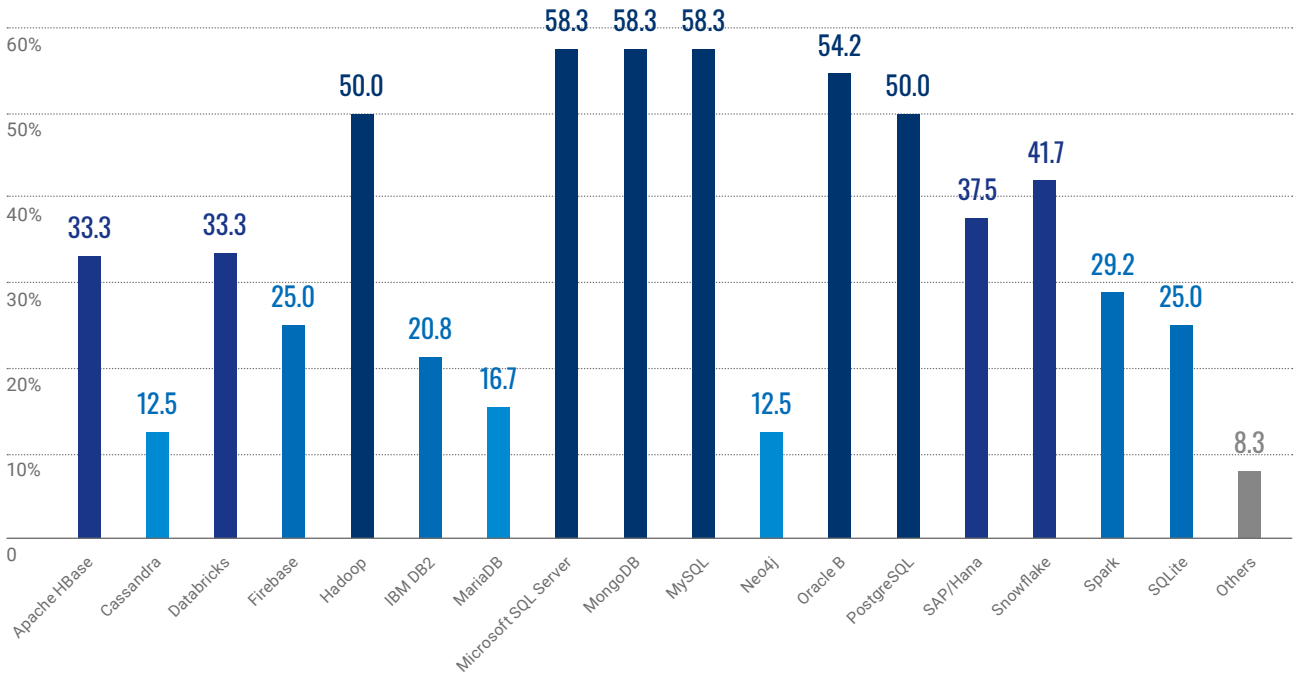


Source: ABSL's analysis based on the results of the survey (N=134)

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.50**

UTILIZATION OF DATA & BIG DATA TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES) – IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=24)

## IPA, RPA & PROCESS MINING

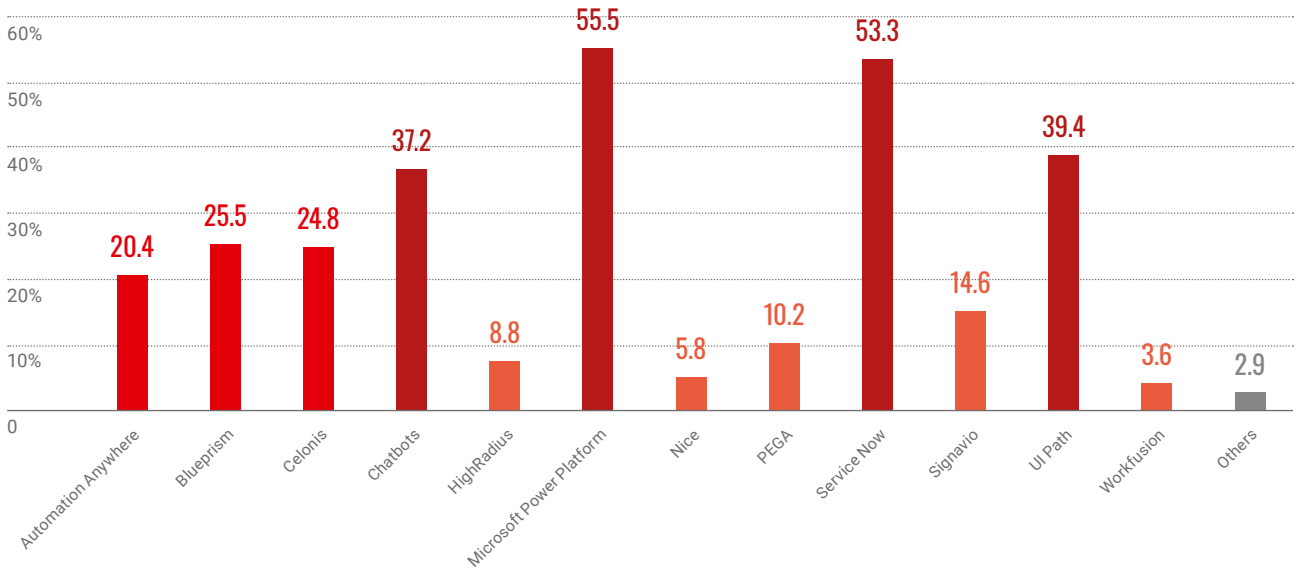
The trend toward implementing IPA, including RPA and AI solutions, is also increasing. The COVID-19 pandemic has significantly accelerated digital transformation, acting as a driver of change, with this shift continuing despite the pandemic becoming endemic.

The most popular solutions in this domain include Microsoft Power Platform (55.5% of respondents), Service Now (53.3%), followed by UI Path (39.2%), and Chatbots (37.2%). Among IT/ITO centers, Service Now is more popular than Microsoft Power Platform, UI Path, and Chatbots.



**FIGURE 1.51**

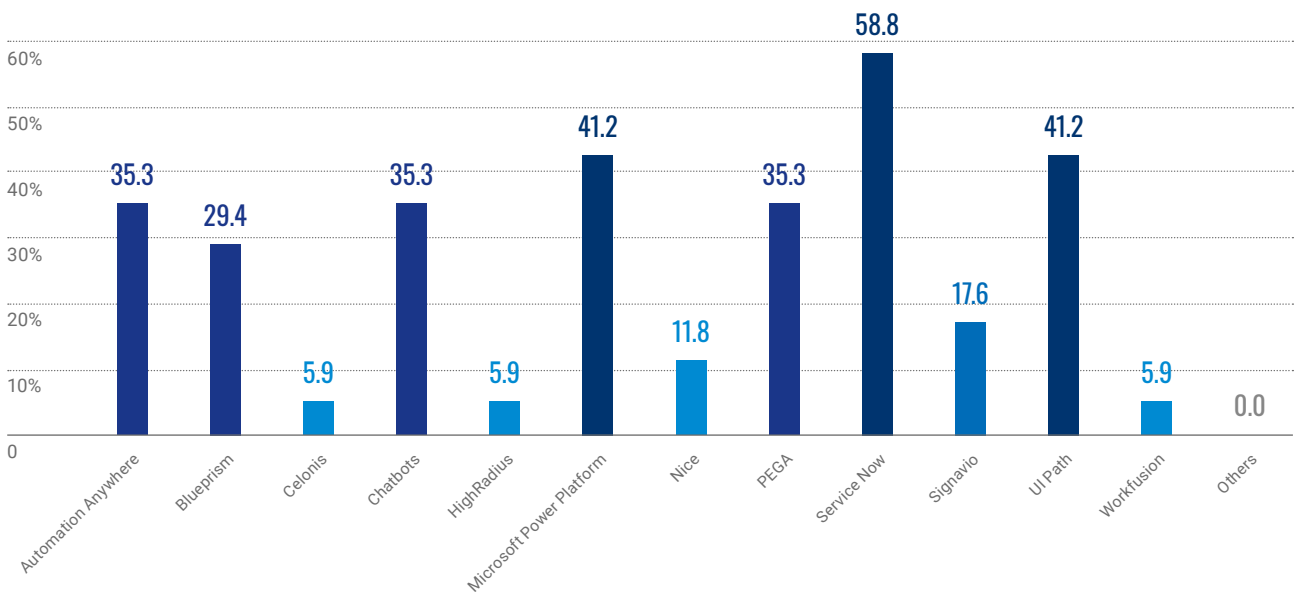
UTILIZATION OF IPA, RPA & PROCESS MINING TECHNOLOGIES, AT THE END OF Q1 2024 (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=137)

**FIGURE 1.52**

UTILIZATION OF IPA, RPA & PROCESS MINING TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES)  
– IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=17)

State of the modern business services sector  
in Poland at the end of Q1 2024

## ANALYTICS, ADVANCED ANALYTICS & VISUALIZATION

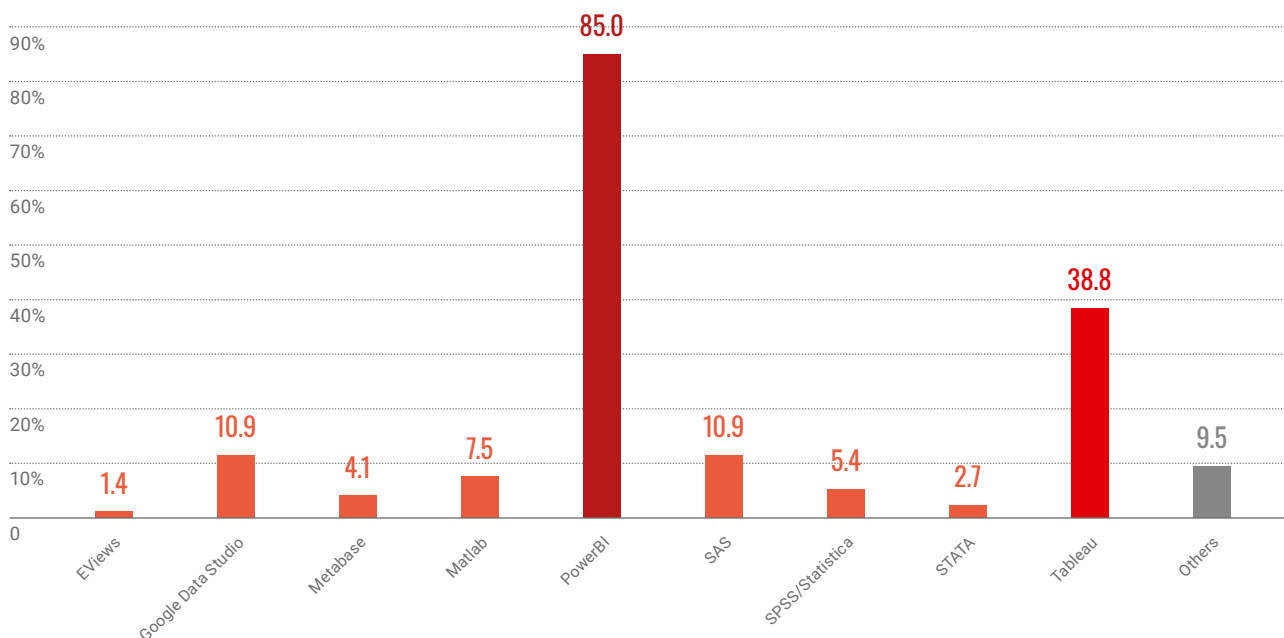
Data visualization is becoming increasingly popular. It enables managers and clients to make informed strategic decisions and allows data to tell a story, including creating manager dashboards. Similarly to last year, at the end of Q1 2024, we observed a clear dominance of PowerBI (used by 85.0%) over Tableau (38.8%) and other available solutions. For IT/ITOs, the structure is more balanced, with Google Data Studio being increasingly utilized. At the same time, more firms declared the use of more sophisticated statistical and econometric software.

This digital transformation also points to integrating systems and evaluating the effectiveness of processes based on automatically generated data. We see an increasing appetite for constant access to automatically updated data, preferably in real-time, with visualization and presentation on various access platforms.

Looking ahead, our industry foresight panels last year and a review of trends indicate a shift towards hyper-personalization of services. In the coming years, we can expect a surge in the collection of user information and preferences on a large scale. This trend is closely tied to the increasing importance of predictive analytics, which will play a pivotal role in shaping the future of our industry.

**FIGURE 1.53**

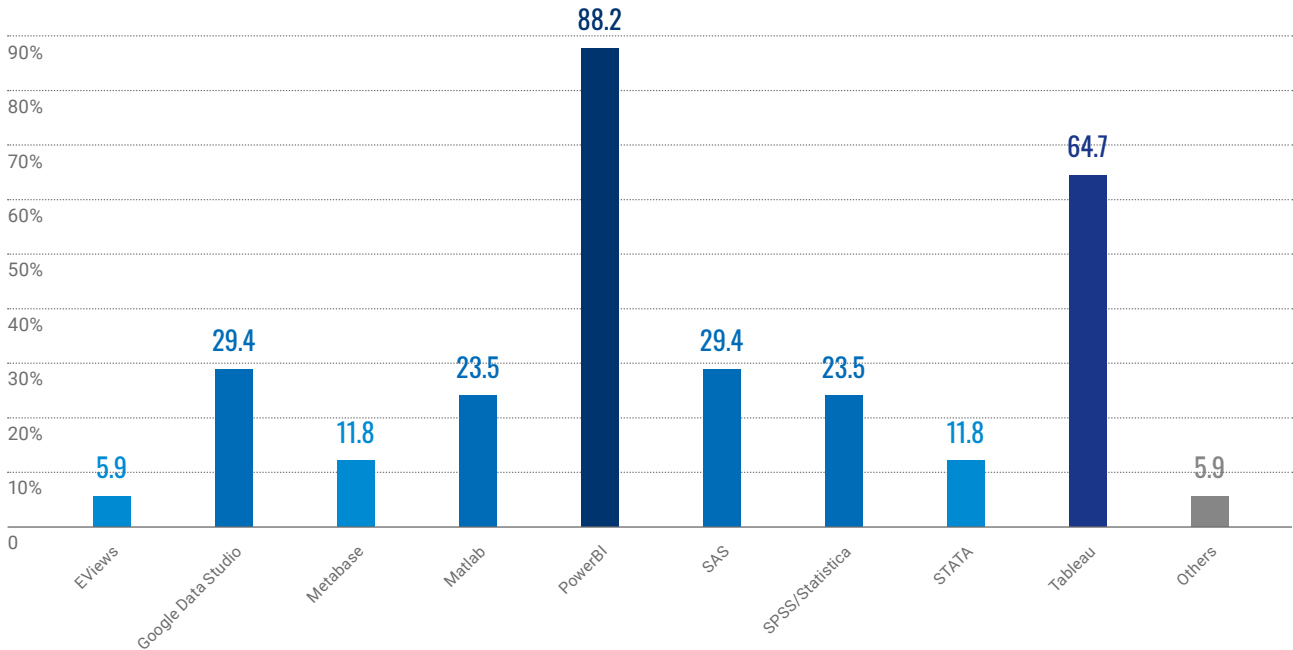
UTILIZATION OF ANALYTICS & VISUALIZATION TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=147)

**FIGURE 1.54**

UTILIZATION OF ANALYTICS & VISUALIZATION TECHNOLOGIES AT THE END OF Q1 2024 (% OF RESPONSES) – IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=17)

## SPECIALIZED MODELS, METHODS, AND TECHNIQUES

For the second time, we have asked our respondents about using certain specialized models, methods, and techniques.

At the end of Q1 2024 80.0% of respondents utilized Agile methods such as SCRUM or Kanban (77.9% last year). Among IT/ITOs, not surprisingly, the share goes up to 95.7%. 46.9% utilize DevOps (for IT/ITOS, 78.3%). Artificial Intelligence, Machine Learning, and Deep Learning is utilized by 31.0%

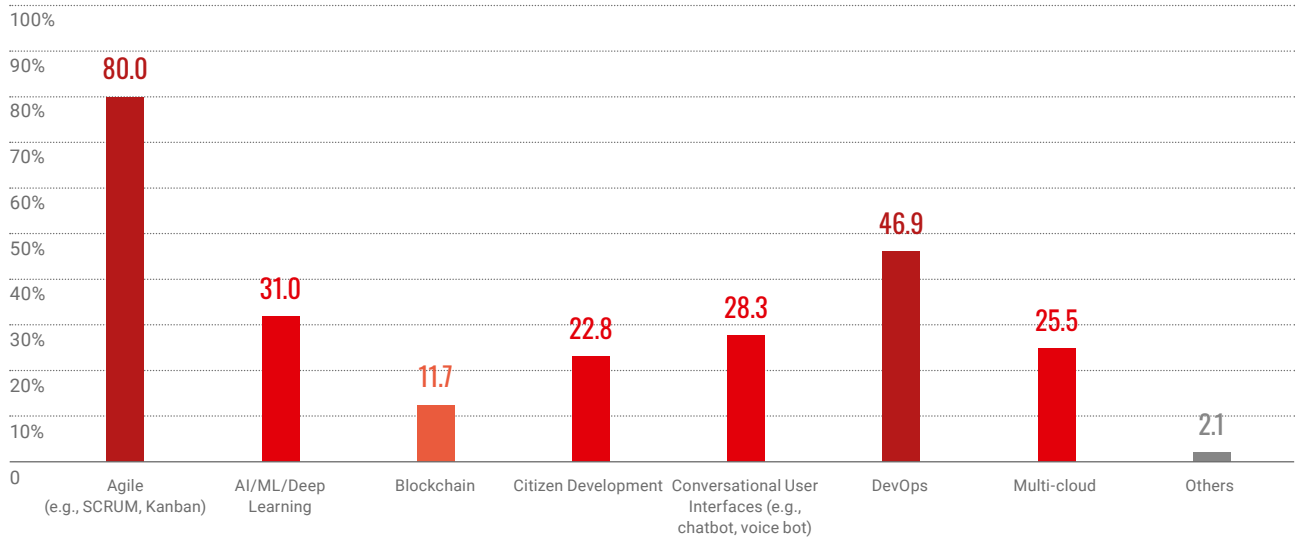
of respondents. 28.3% used conversational user interfaces, while 23.7% of respondents utilized multi-cloud solutions (52.2% among IT/ITOs).

Approx. one in five firms used citizen development (with lower interest in IT/ITO specifically). Interest in blockchain solutions is growing but still lagging with the use reported by 11.7% of respondents (17.4% among IT/ITOs).

State of the modern business services sector in Poland at the end of Q1 2024

**FIGURE 1.55**

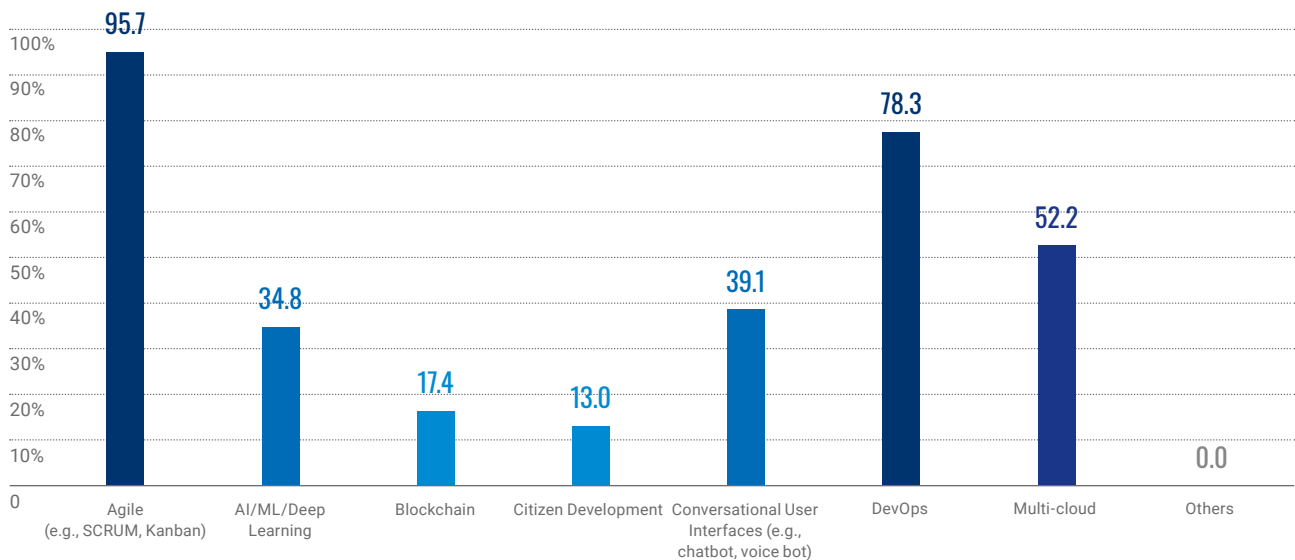
UTILIZATION OF SPECIALIZED MODELS, METHODS, AND TECHNIQUES AT THE END OF Q1 2024 (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=145)

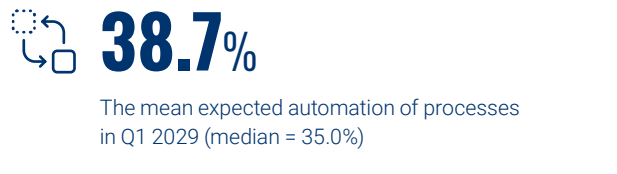
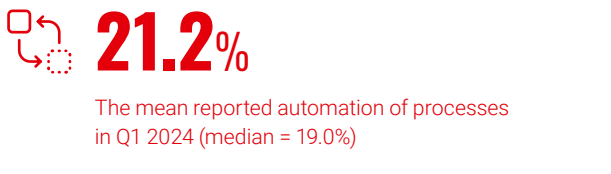
**FIGURE 1.56**

UTILIZATION OF SPECIALIZED MODELS, METHODS, AND TECHNIQUES AT THE END OF Q1 2024 (% OF RESPONSES) – IT/ITO COMPANIES ONLY



Source: ABSL's analysis based on the results of the survey (N=23)

# INTELLIGENT PROCESS AUTOMATION



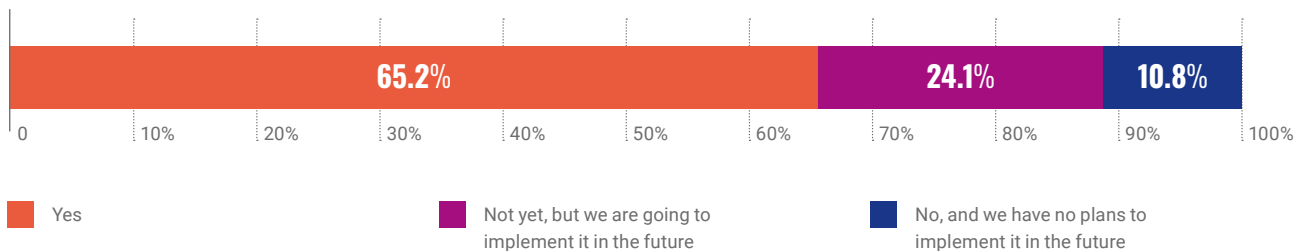
One of the most distinctive trends in the global industry and Poland is the growth in process automation, such as intelligent process automation.

Last year, the share of IPA users was 58.2%, with another 30.3% planning to implement IPA in the future. 11.5%

declared that they were not interested. At the end of Q1 2024, 65.2% stated using IPA with 24.1% planning to implement IPA in the future. One in ten firms are not interested. Therefore, intelligent process automation is gradually progressing, with roughly two-thirds of firms using on a daily basis.

**FIGURE 1.57**

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



Source: ABSL's analysis based on the results of the survey (N=158)

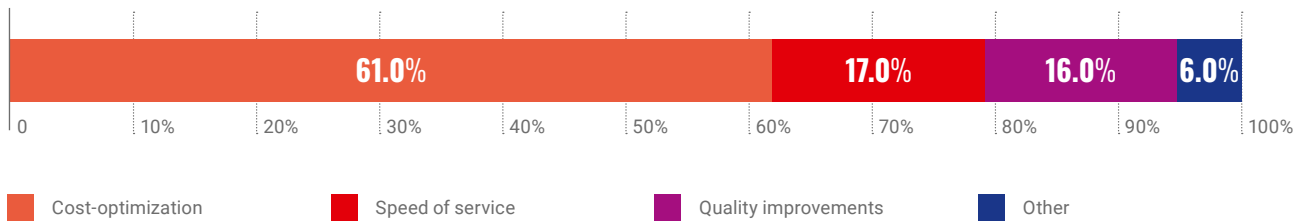
State of the modern business services sector in Poland at the end of Q1 2024

The main objective of introducing IPA (61.0%, 57.0% of respondents last year) is cost-optimization, with the number of companies utilizing IPA increasing by 7.0% YoY. 16.0% of respondents indicated quality improvement as the main aim (23.5% last year), and 17.0% the speed of the service provided (14.1% last year). 6.0% of respondents indicated other motives (mostly a combination of the three motives above).

Similarly to last year's result, the most frequently utilized IP technologies include RPA / RDA (Robotic Process Automation / Robotic Desktop Automation), API (Application Programming Interface), OCR / iOCR (Intelligent Optical Character Recognition), and chatbots (utilized by more than half of respondents). Voicebots and computer vision are the least popular at this stage. Process Mining / Task Mining and BPMS (Business Process Management System) are likely to grow in significance in years to come.

**FIGURE 1.58**

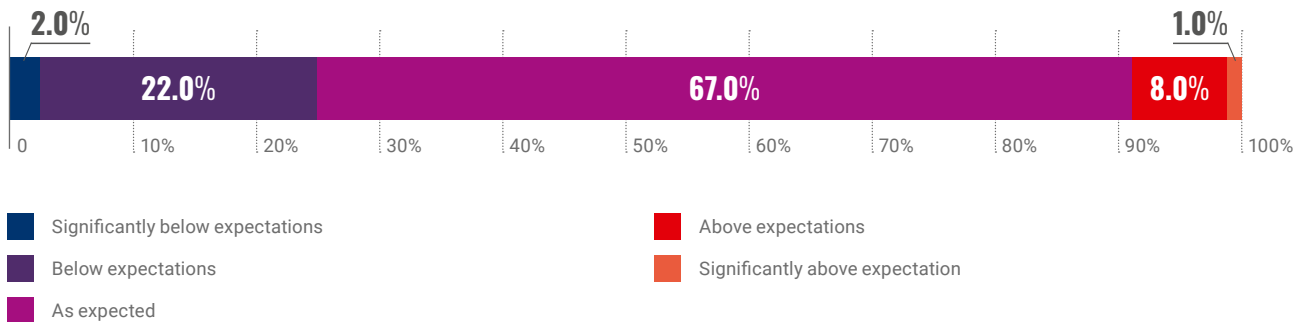
THE KEY AIM OF IMPLEMENTING IPA IN YOUR CENTERS IN POLAND (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=100)

**FIGURE 1.59**

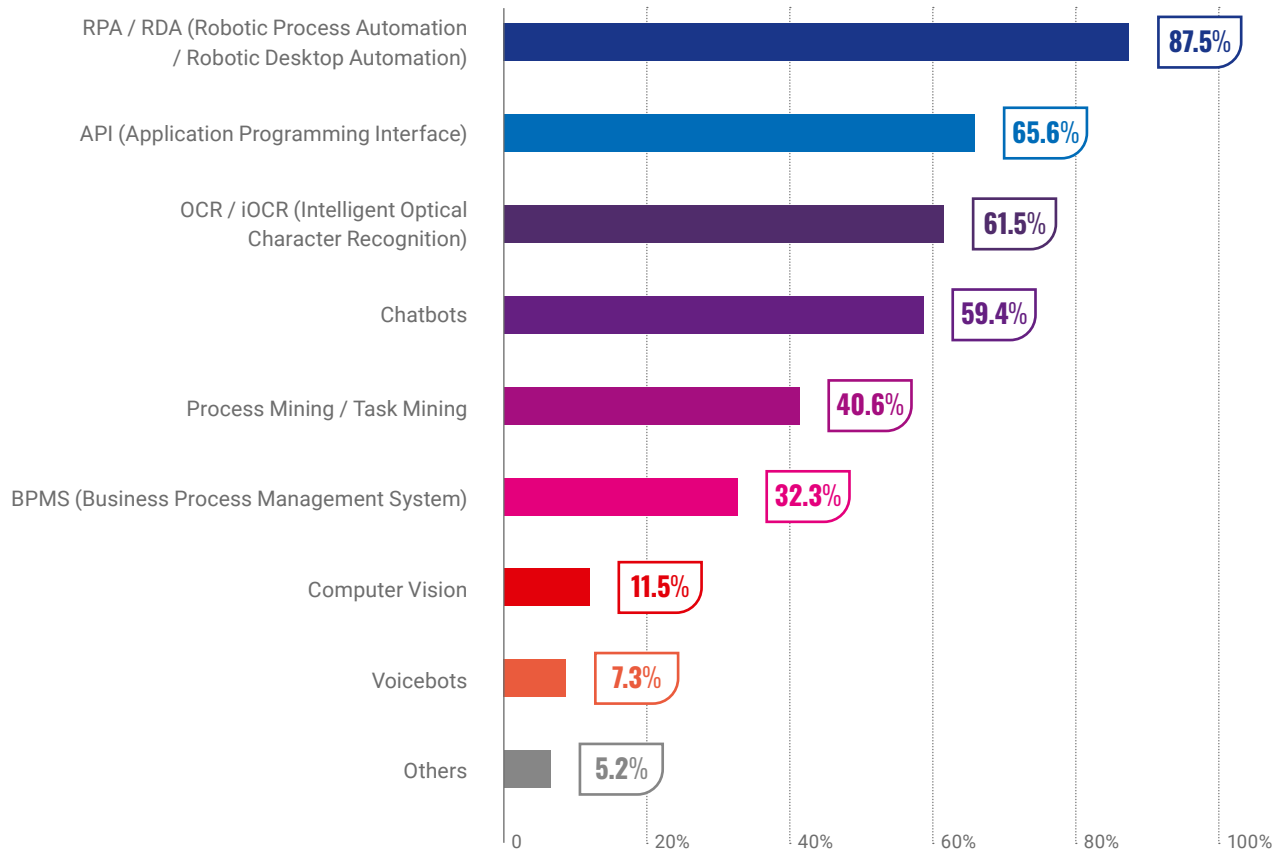
HAS THE AUTOMATION IMPLEMENTED SO FAR BROUGHT THE EXPECTED RESULTS?



Source: ABSL's analysis based on the results of the survey (N=100)

**FIGURE 1.60**

WHICH IPA TECHNOLOGIES ARE CURRENTLY UTILIZED IN YOUR CENTER(S) LOCATED IN POLAND?



Source: ABSL's analysis based on the results of the survey (N=96)

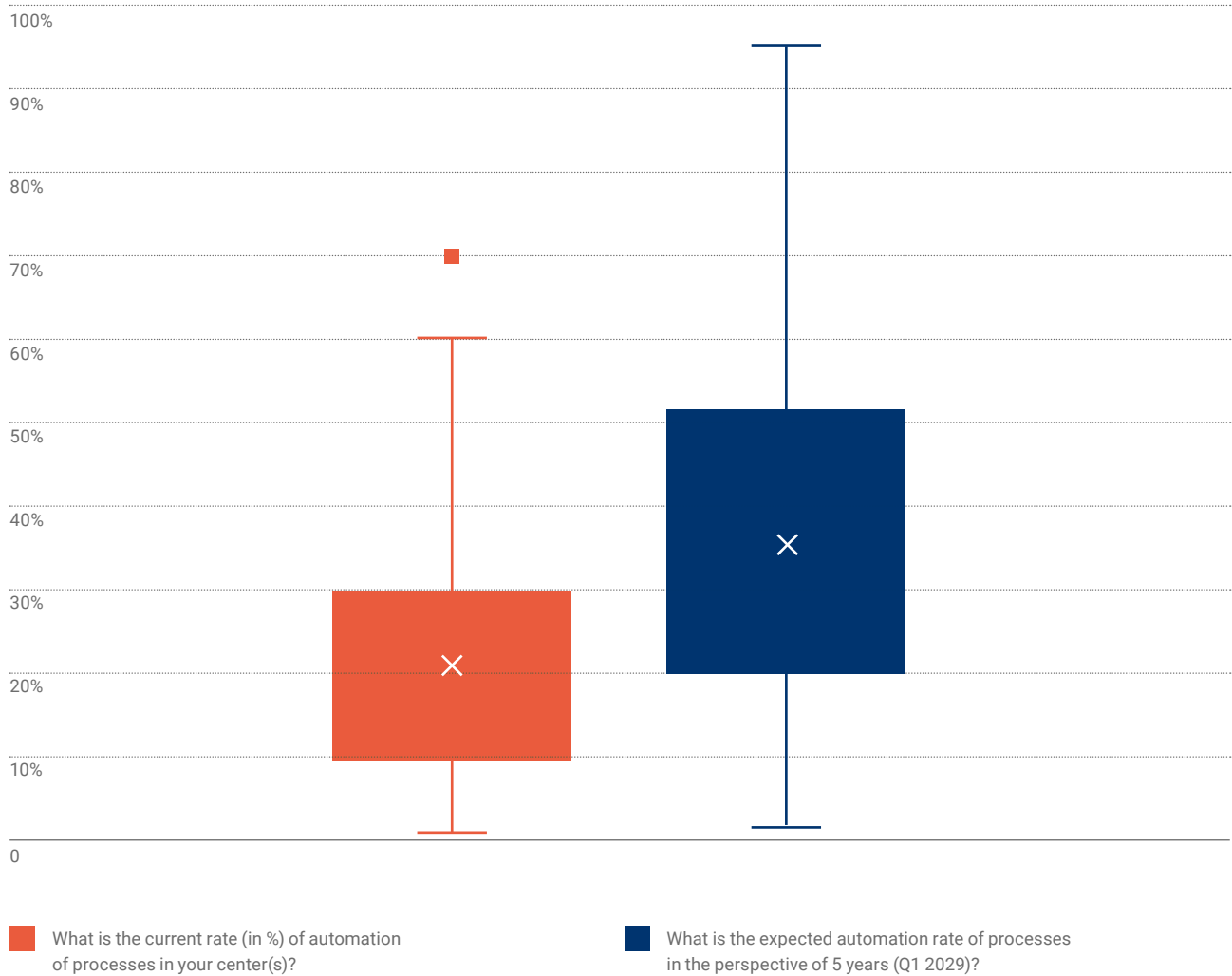
The current mean rate of process automation (as of Q1 2024) is 21.2%, with a median value of 19.0%. Last year, the mean was 19.6%, with a median value of 15.0%. The third quartile value stands at 30%, meaning that a quarter of centers now indicated automation rates exceeding 30%. Process automation is ongoing.

The expected mean automation rate of processes in the next five years (to Q1 2029) is now reported to be 38.7%, with a median of 35%. While this represents a slight decrease from last year's expected values of 41% and 40%, it still points to a significant potential for further automation. This data should inspire excitement about the future possibilities of process automation.

State of the modern business services sector  
in Poland at the end of Q1 2024

**FIGURE 1.61**

WHAT IS THE CURRENT RATE (IN %) OF AUTOMATION OF PROCESSES IN YOUR CENTER(S)?  
WHAT IS THE EXPECTED AUTOMATION RATE OF PROCESSES IN THE NEXT FIVE YEARS (TO Q1 2029)?

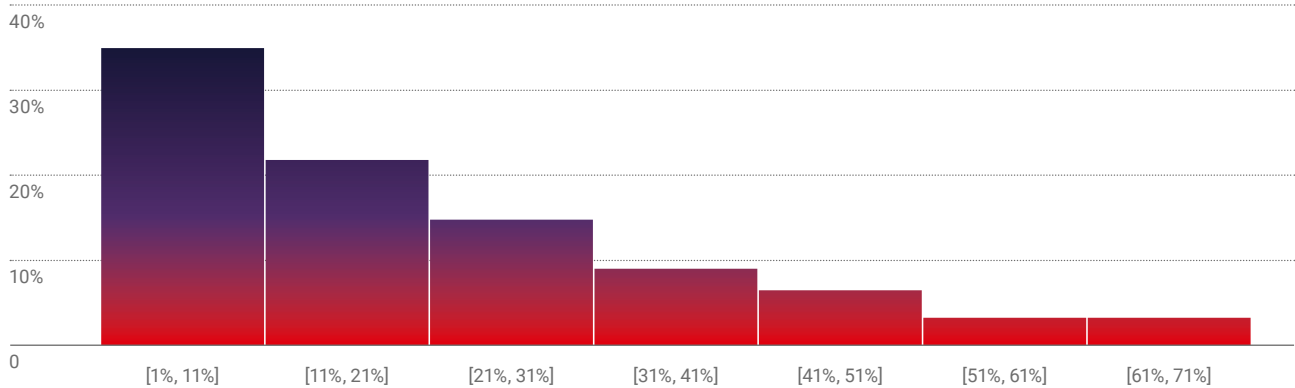


Source: ABSL's analysis based on the results of the survey (N=122)



**FIGURE 1.62**

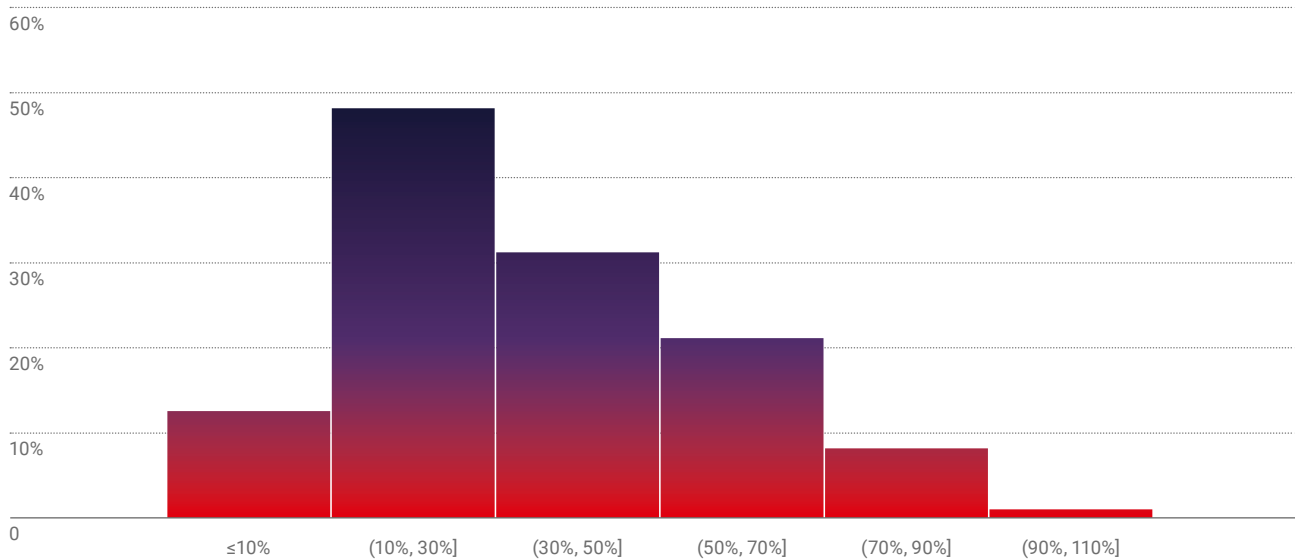
WHAT IS THE EXPECTED AUTOMATION RATE OF PROCESSES IN THE NEXT FIVE YEARS (Q1 2029)?



Source: ABSL's analysis based on the results of the survey (N=122)

**FIGURE 1.63**

WHAT IS THE EXPECTED AUTOMATION RATE OF PROCESSES IN THE NEXT FIVE YEARS (Q1 2029)?



Source: ABSL's analysis based on the results of the survey (N=122)

# 2 BUSINESS TRANSFORMATION & LEADERSHIP

To remain globally competitive, the industry in Poland must shift toward higher-value-added, more advanced functions and roles placed in the mid-office and front-office processes with higher skills and knowledge content requirements. As we have already stressed on many occasions, Poland is considered the best-cost location per value generated.

Poland's competitiveness is based on its advantageous time zone location, which allows it to service the APAC and AMER markets and offers the benefits associated with EU membership.

The trends towards upgrading and upskilling are already strong and gaining traction. The industry has proven its innovation capabilities in recent years. Digitalization is ongoing. Productivity is increasing simultaneously (please see our estimates of the value of exports per worker in the section on KIBS trade).

However, to remain competitive in an even faster-moving market, we must transform into a more creative, higher-value-added mode. 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, particularly in advanced jobs and talent acquisition. The global competition for talent is escalating.

Looking from this perspective, the capacity to innovate continuously will become imperative. We now need to take proactive rather than reactive positions using technology to boost our competitive positions in the global markets. From being followers to catching up to the global technological frontier, we need to adapt to the role of leaders. This is a fundamental paradigm shift – a profound transformational change.

Product innovation in services involves:

- » **introducing significant improvements in how services are provided;**
- » **adding new functions or features to existing services;**
- » **introducing completely new services.**

On the other hand, business process innovation can be defined as introducing new or improved



**74.4%**

The share of companies declaring an introduction of innovation(s) in the preceding three years (73.9% in the 2023 report).



**74.4%**

Percentage of firms planning to introduce a transformation strategy in the forthcoming year (59.6% last year).



**53.1%**

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.



**39.7%**

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



**28.0%**

Share of firms planning to follow product diversification strategy in 2024 (introduction of new products on new markets).

business processes in an enterprise within one or more business functions that significantly change previously used business processes.

Last year, 73.9% of companies declared that they had introduced innovation(s), understood as integrated products/services in the preceding three years and thus could be considered innovators. This year, this figure increased to 74.4% (+ 50 bps).



**91.3%**

A key component of process transformation strategy – process automation.



**85.6%**

Perceiving the development of genAI as a significant opportunity or opportunity.



**65.4%**

The share of companies that plan to increase their headcount to Q1 2025 (8.5 p.p. lower than in the previous survey).



**62.2%**

Companies that expanded or significantly expanded the scope of services provided in 2022 (75.9% last year).



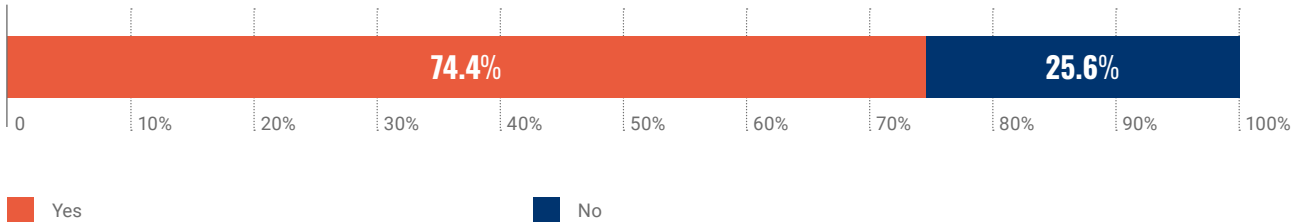
**61.2%**

Primary reason for the presence in Poland – good value at a reasonable cost.

This was once again significantly higher than the nationwide mean. According to Statistics Poland (GUS 2023), in 2020-2022, 36.1% of industrial enterprises and 34.2% (previously reported as 22.2%) of service enterprises showed innovative activity. In service companies employing 250 and more, the share of firms that have introduced product innovations was 23.8%, and business processes innovation was 59.9%. For IT firms, the total share

**FIGURE 2.1**

HAVE YOU INTRODUCED INNOVATION(S) (UNDERSTOOD AS NEW OR SIGNIFICANTLY UPGRADED INTEGRATED PRODUCTS/SERVICES) IN THE THREE PRECEDING YEARS? (%)



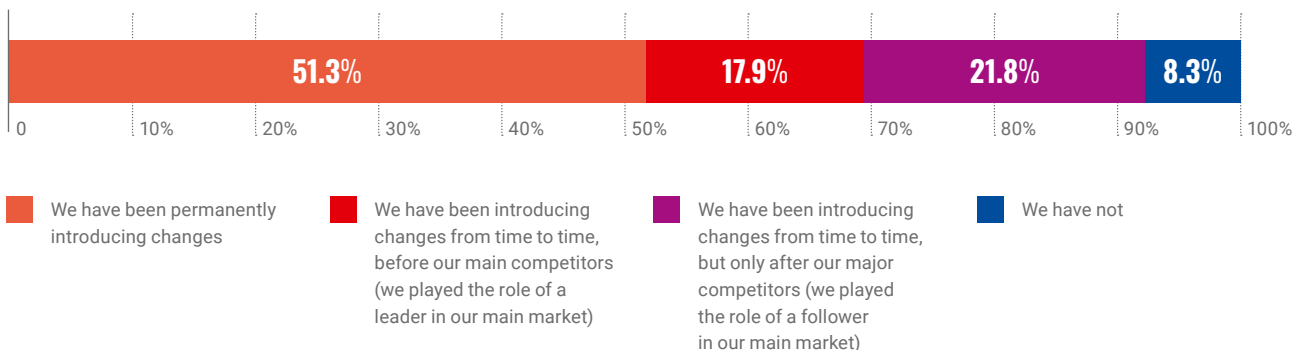
Source: ABSL's analysis based on the results of the survey (N=156)

stood at 57.5% (previously 48.4%), while in R&D, it was 85.0% (previously 56.0%). In ICT firms, 23.4% declared introducing product innovations, while 42.7% said that they had introduced business process innovations.

51.6% (compared to 57.1% of respondents in 2022) of participants stated they had permanently introduced minor or significant changes in products, product range, processes, or business organization during the last three years (creative warehouses). At the same time, 8.3% (compared to 8.0% in the 2023 edition) have not introduced any of the above changes in the last three years (non-innovators).

**FIGURE 2.2**

DURING THE LAST THREE YEARS (FROM 2021 TO 2023), HAVE YOU INTRODUCED SMALLER OR MAJOR CHANGES IN YOUR PRODUCT, PRODUCT RANGE, PROCESSES, OR ORGANIZATIONS OF BUSINESS? (% OF RESPONDENTS)



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

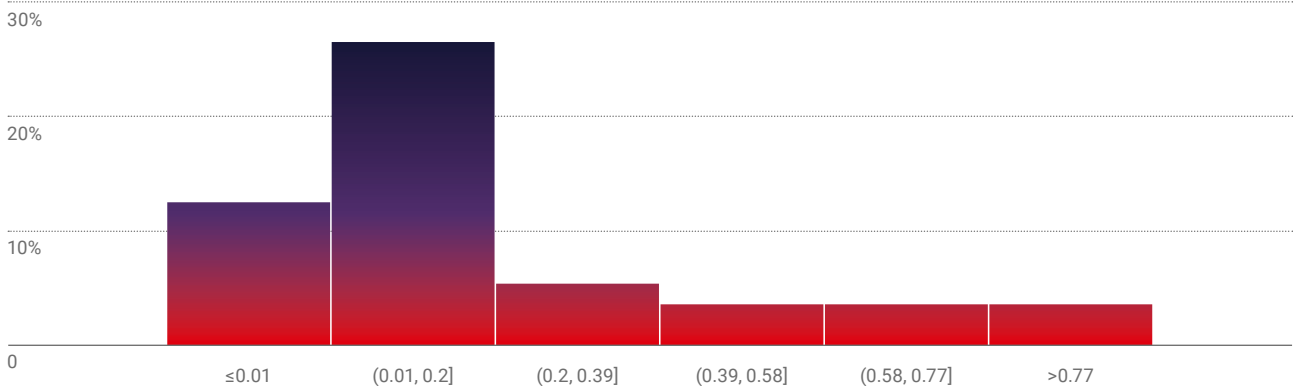
39.7% of firms (36.0% in 2023) declared that they would introduce innovations ad hoc. Among them, 17.9% (14.7% last year) stated playing the role of a leader (shows strategic behavior) and 21.8% (21.2% last year) said that they played the role of a follower in the market (shows reactive behavior).

From this perspective, declared innovation behavior for the second year decreased slightly year on year, which could reflect a more challenging macroeconomic environment with more focus on cost optimization. There was a decreasing number of permanent innovators, more ad hoc innovation took place, and more firms showed positivity toward strategic-market leader behaviors.

The mean reported employment in the R&D function as a percentage of the total workforce is 7.9%. It is the highest in the case of R&D centers (45.0%), followed by IT centers (33.2%), and the lowest in the case of BPO centers (1.0%). If one excludes many centers reporting 0% employment in R&D (61.5% of respondents), the median reported percentage equals 5%. Overall, the distribution of responses is significantly skewed to the right.

**FIGURE 2.3**

WHAT % OF YOUR WORKFORCE IN POLAND WORKS IN THE R&D FUNCTION?



Source: ABSL's analysis based on the results of the survey (N=143)

# TRANSFORMATION PLANS

 **59.6%**

of firms planned to introduce a transformation strategy in 2023. At the end of Q1 2024, the share stood at 74.4%.

 **95.7%**

of respondents declared that the transformation strategy was supervised by global HQs (64.6% last year), while 28.2% acknowledged it to be locally managed (26.9% last year). The role of local decision-making increased but by a small margin year on year. In less than one case in a hundred, a dedicated external advisory / consultancy firm supervised the transformation.

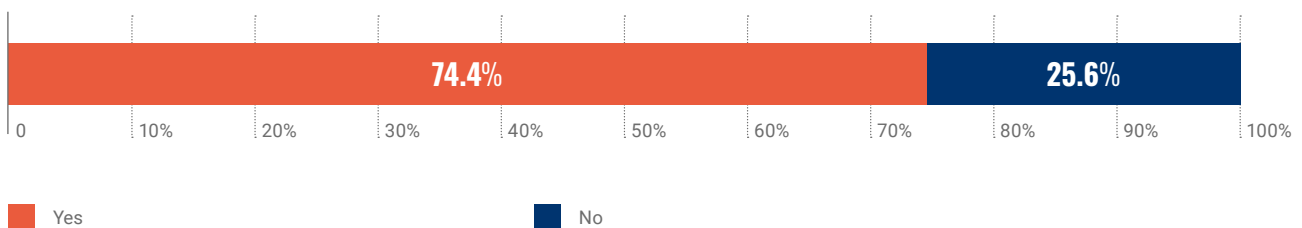


**In a period of economic downturn, the overwhelming instinct is to pare back, cut costs, and lay off. If you do that, do so with your strategy in mind. The worst mistake is to cut across the board. Instead, reconnect and recommit to a clear strategy that will distinguish yourself from others.**

Michael Porter

**FIGURE 2.4**

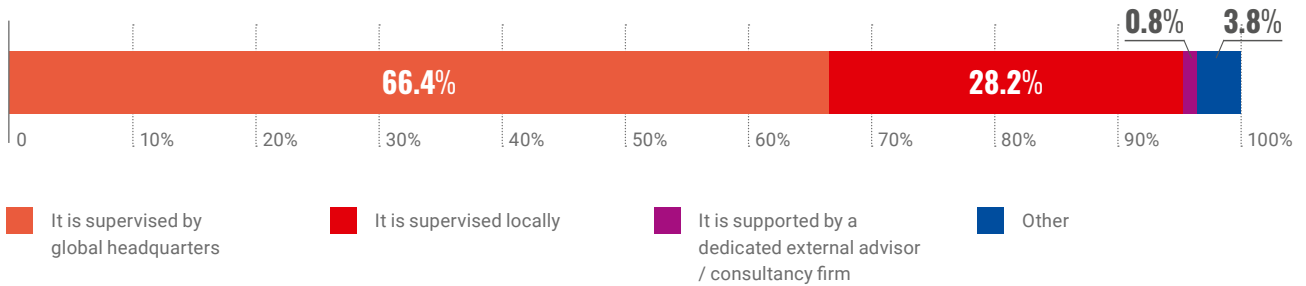
DO YOU PLAN TO INTRODUCE THE TRANSFORMATION STRATEGY IN THE FORTHCOMING YEAR (TILL Q1 2025)? (% OF RESPONDENTS)



Source: ABSL's analysis based on the results of the survey (N=157)

**FIGURE 2.5**

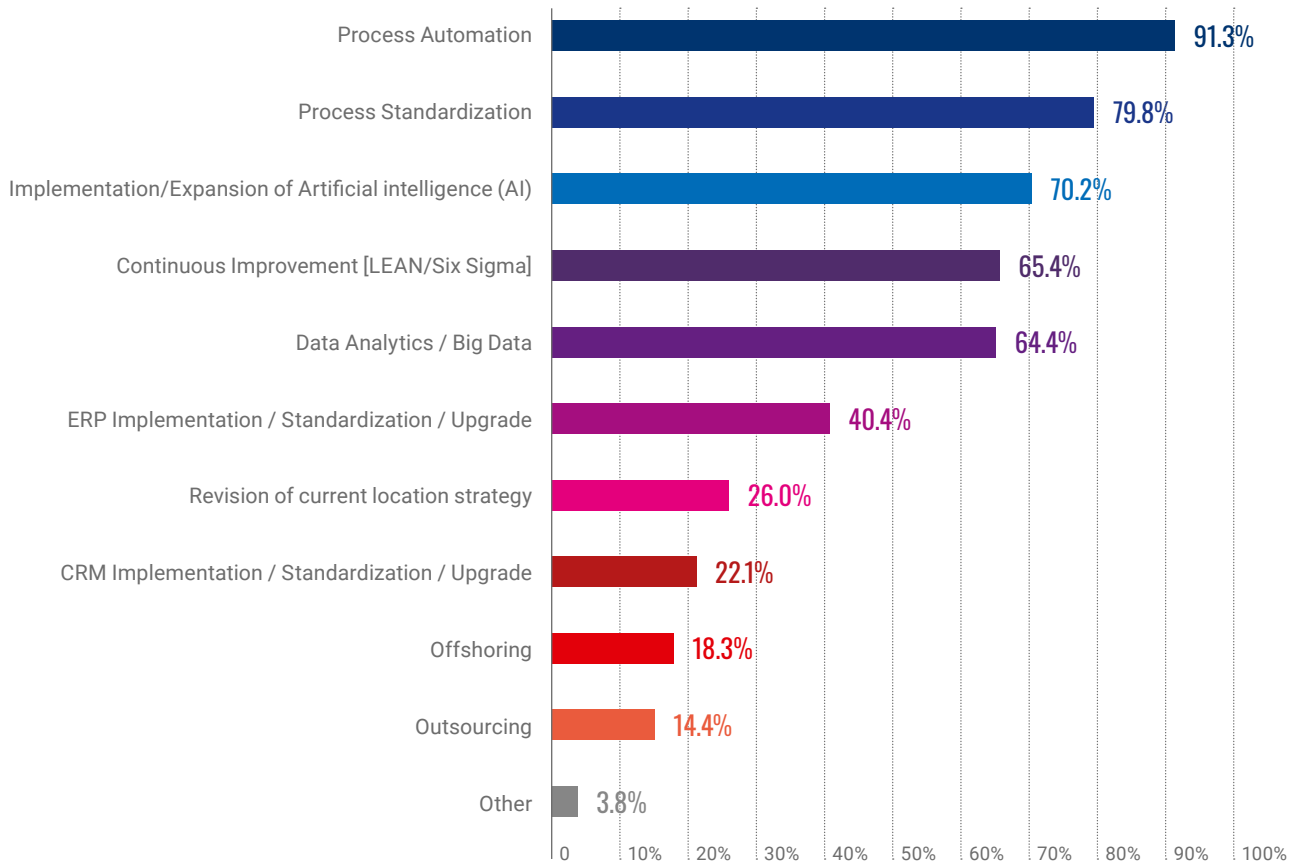
WHO IS SUPERVISING THE TRANSFORMATION OF YOUR CENTER? (% OF RESPONDENTS)



Source: ABSL's analysis based on the results of the survey (N=131)

**FIGURE 2.6**

WHAT ARE THE KEY COMPONENTS OF YOUR BUSINESS PROCESS TRANSFORMATION STRATEGY? (% OF RESPONDENTS)



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

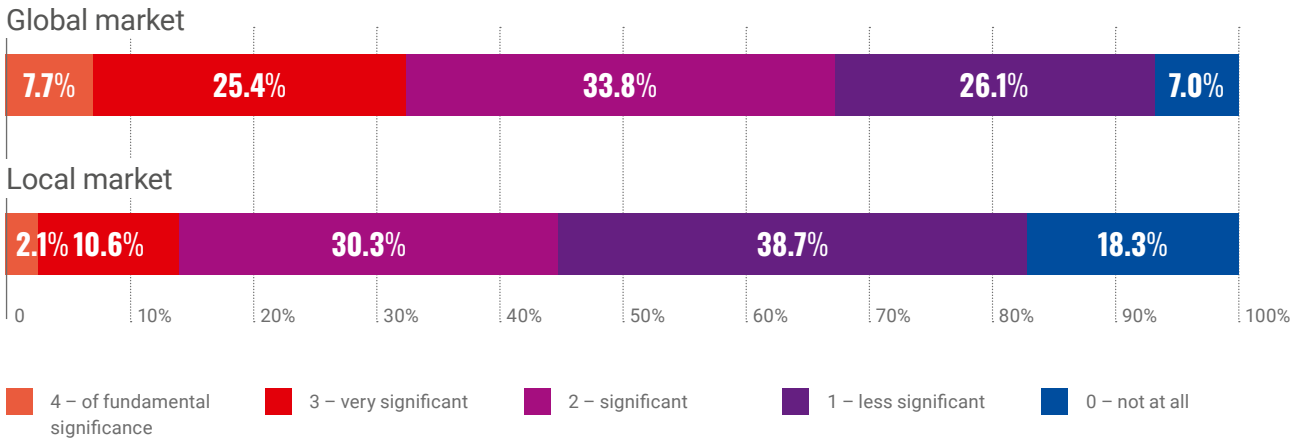
Business transformation & leadership

In the majority of cases, the transformation strategy focused on Intelligent Process Automation (91.3%), standardization of processes (79.8%), or implementation/expansion of the use of artificial intelligence (70.2%). Over half of respondents also pointed to continuous improvement [lean/Six Sigma] and the utilization of data analytics / big data. ERP implementation/standardization/upgrade was reported by 40% of firms. Interestingly, only one in five respondents pointed to a revision of the current location strategy, and around one in six to offshoring or outsourcing.

The global market plays a larger and more significant role in pressuring firms to transform their business model than the local market (less significant). The key role is, as could have been expected, played by global HQ with a mean significant impact.

**FIGURE 2.7**

HOW SIGNIFICANT IS THE PRESSURE FROM THE MARKET (E.G., CLIENTS, COMPETITORS, SUBCONTRACTORS) TO TRANSFORM YOUR CENTER(S) BUSINESS MODEL? (% OF RESPONDENTS)

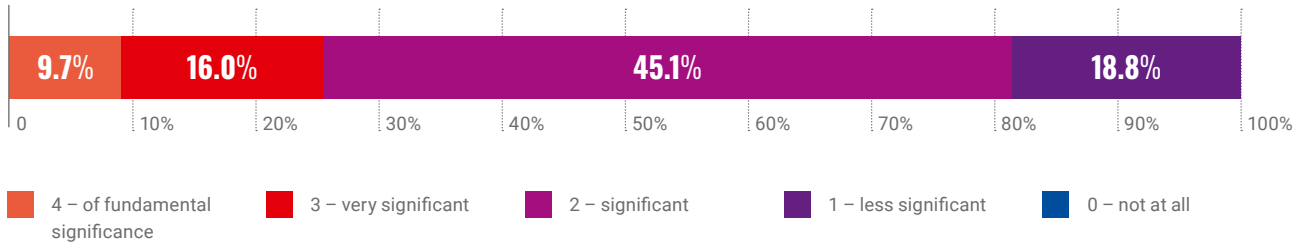


Source: ABSL's analysis based on the results of the survey (N=142)



**FIGURE 2.8**

HOW SIGNIFICANT IS THE PRESSURE FROM HQ TO TRANSFORM YOUR CENTER(S) BUSINESS MODEL? (% OF RESPONDENTS)



Source: ABSL's analysis based on the results of the survey (N=144)

13.7% of respondents believed that the transformation of their current business model within the next five years will be fundamental, 19.9% believed that it would be very significant, and 47.9% that it would be significant.

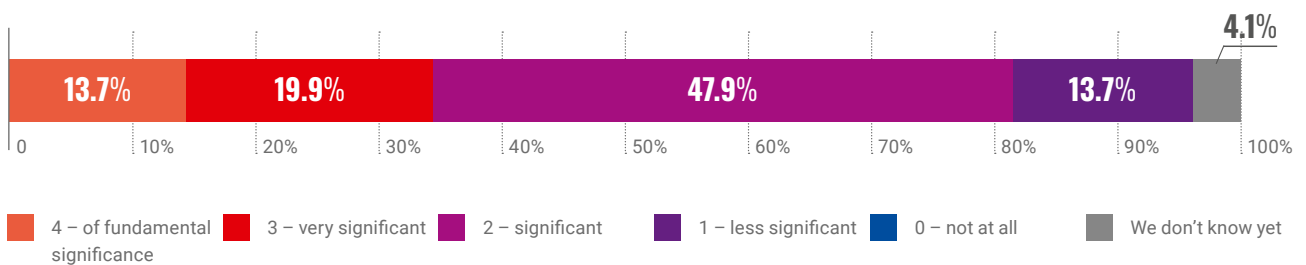
Referring to the business services transformation cube – a key component of the ABSL Industry Foresight Report 2023, we asked respondents to assess their current (Q1 2024) business model

along three key dimensions and their potential position from a five-year perspective – in Q1 2029.

Center managers have shown more advancement in the virtualization and personalization dimensions than in AI depth/degree of automation. However, in the next five years, managers are optimistic about progress in all three dimensions, with the most significant change expected in the AI depth/degree of virtualization.

**FIGURE 2.9**

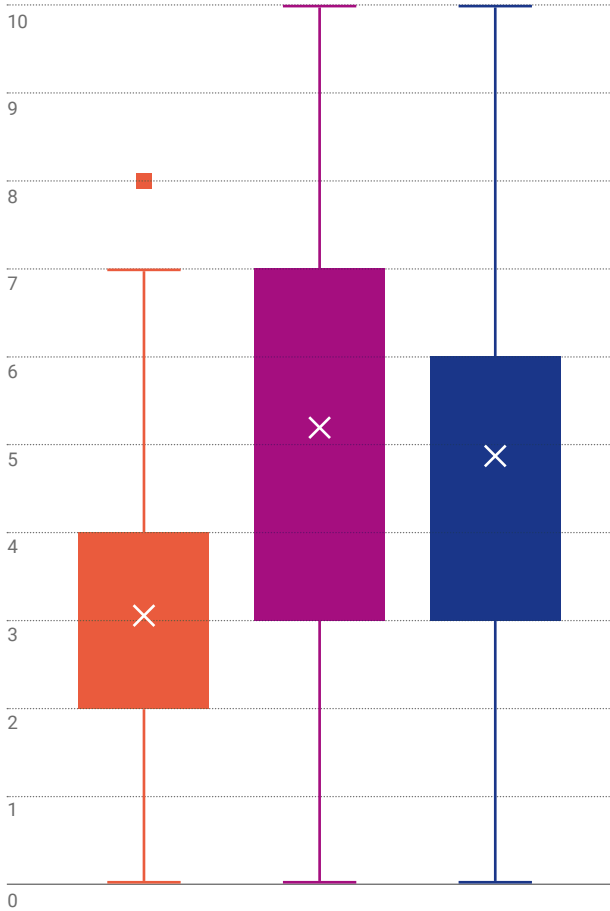
IN COMPARISON TO THE CURRENT BUSINESS MODEL, HOW SIGNIFICANT WILL BE THE TRANSFORMATION OF YOUR BUSINESS MODEL IN THE NEXT FIVE YEARS? (% OF RESPONDENTS)



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

**FIGURE 2.10**

HOW DO YOU ASSESS YOUR CURRENT BUSINESS MODEL ALONG THE THREE KEY DIMENSIONS

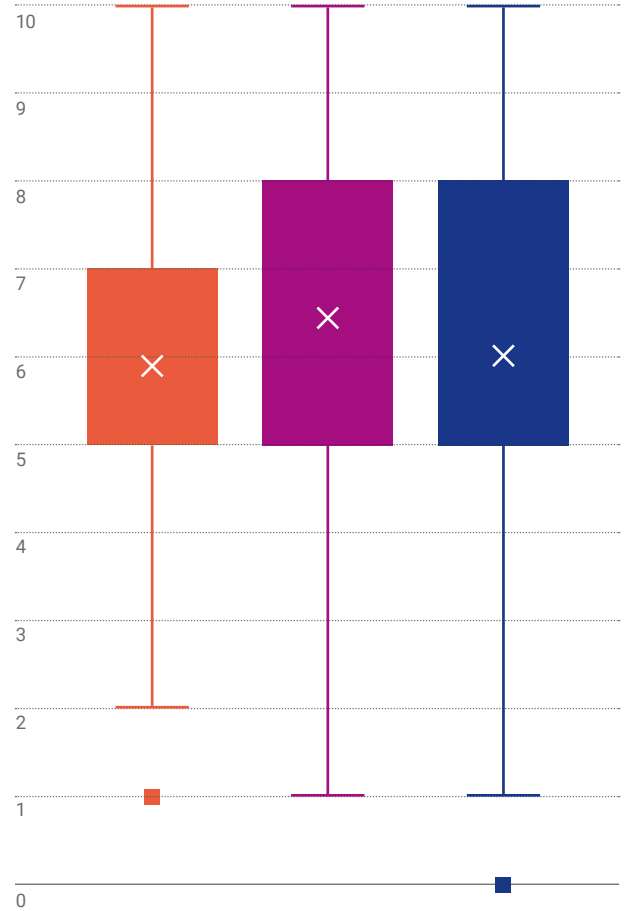


- The degree of automation / depth of artificial intelligence (0 – basic to 10 fully automated)
- The degree of virtualization of your office / working model (0 – basic to 10 fully virtual)
- The degree of personalization (tailoring) of services on offer (the main product on offer) (0 – basic personalization (standardized product) to 10 – full personalization (hyper-personalized product))

Source: ABSL's analysis based on the results of the survey (N=128)

**FIGURE 2.11**

TRANSFORMATION CUBE: TAKING INTO ACCOUNT YOUR TRANSFORMATION PLANS AND THE ANSWER TO THE PREVIOUS QUESTION, WHERE WILL YOUR BUSINESS MODEL BE IN 2029?



- The degree of automation / depth of artificial intelligence (0 – basic to 10 fully automated)
- The degree of virtualization of your office / working model (0 – basic to 10 fully virtual)
- The degree of personalization (tailoring) of services on offer (the main product on offer) (0 – basic personalization (standardized product) to 10 – full personalization (hyper-personalized product))

Source: ABSL's analysis based on the results of the survey (N=128)

Development of GenAI is generally perceived as a significant opportunity (20.1%) or an opportunity (65.8%), with 10.7% of respondents having a neutral perspective and only 3.4% perceiving it as a threat or significant threat.

ABSL processes list currently distinguishes 80 process categories performed in our centers. In 22, one in ten firms stated to have already utilized GenAI. There are five processes: Customer Operations: Customer Helpdesk, IT: Application Lifecycle Management (incl. Software Development), IT: Artificial Intelligence (e.g. Gen AI), IT: User support / Service Desks, and IT: Testing that one in four firms, said they are utilizing GenAI.

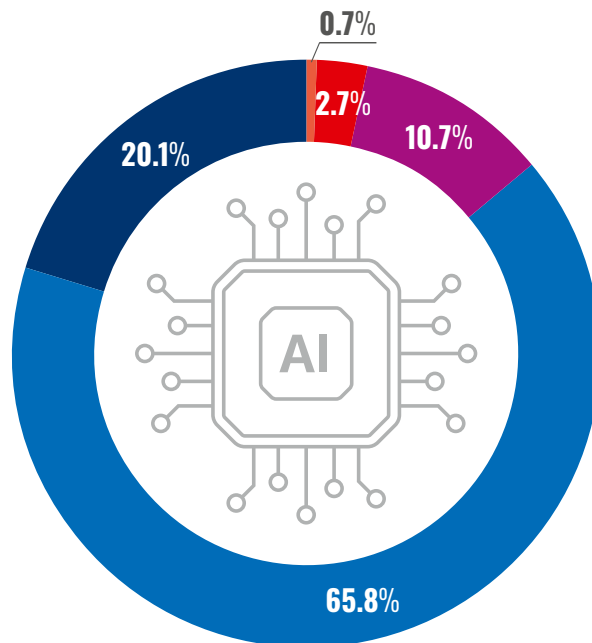


**A year spent in artificial intelligence is enough to make one believe in God.**

Alan Perlis

**FIGURE 2.12**

DO YOU PERCEIVE THE DEVELOPMENT OF GENAI AS A THREAT OR AN OPPORTUNITY FOR YOUR CENTER?

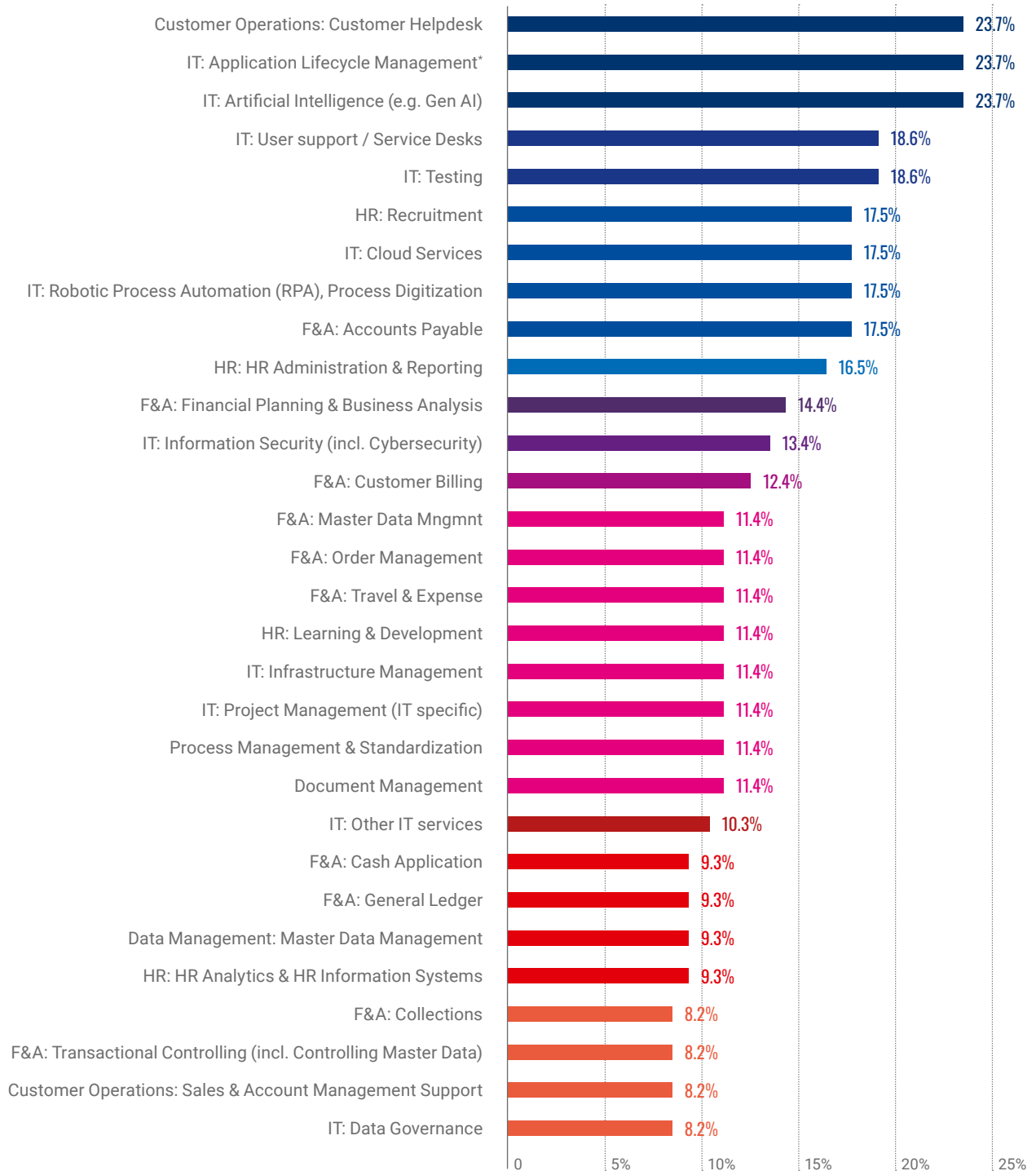


■ Significant threat    
 ■ Threat    
 ■ Neutral    
 ■ Opportunity    
 ■ Significant opportunity

Source: ABSL's analysis based on the results of the survey (N=149)

**FIGURE 2.13**

IN WHICH PROCESSES DO YOU CURRENTLY UTILIZE GENAI? (% OF RESPONSES)



\* incl. Software Development

Source: ABSL's analysis based on the results of the survey (N=97)

## THE NEXT LEAP FORWARD — GENAI TO AGI (AT LEAST A DECADE AHEAD...)

From the ABSL point of view, GenAI refers to artificial intelligence models that can generate content, such as text, images, or code, based on the data they've been trained on. They're highly specialized and perform well in specific tasks. **AGI, or Artificial General Intelligence**, will represent a level of AI that can understand, learn, and apply its intelligence across a wide range of tasks, similar to a human's cognitive abilities, which GenAI does not possess.

**As such, we expect the impact of AGI on jobs and business models to be more profound than that of generative AI. AGI would have the capacity to perform a wide range of cognitive tasks**

**at or slightly beyond the human level.** This could lead to significant shifts in employment, with a broader array of roles potentially automated or augmented by AGI, affecting not just repetitive tasks but also areas requiring decision-making, problem-solving, and creative thought.

Current AI systems excel in specific tasks but need a more broad, adaptable, and intuitive understanding of the elasticity characteristic of human intelligence. Given the complexity of replicating human-like cognition and consciousness, predictions about reaching AGI vary widely among experts, **ranging from decades to potentially never.**

## ASI IS THE CURVE BEYOND OUR CURRENT HORIZON OF UNDERSTANDING (SINGULARITY)

It is becoming increasingly clear what lies ahead: the development and use **Artificial Superintelligence (ASI)**. ASI will profoundly reshape business operations, accelerating them far beyond the enhancement of processes to redefine the very nature of business models or business itself.

**With its capacity to surpass human intelligence and learning, ASI might automate routine tasks and engage in complex problem-solving and creative tasks, driving unprecedented efficiency, innovation, and personalized customer experiences.** However, it will also pose unprecedented challenges in many domains: ethics, regulation, governance, job displacement, employment status, and ensuring that such advanced technologies align with human values and societal goals.

# LEADERSHIP



**Innovation distinguishes between a leader and a follower.**

Steve Jobs



**Leadership is the capacity to translate a vision into reality.**

Warren Bennis

Gradual upgrading and upskilling has allowed the industry in Poland to reach new levels of sophistication and complexity in the processes conducted by our sector. The productivity of our centers (as shown by exports per capita figures) is growing, and proves our international competitiveness. Simultaneously, our initial competitive edge, based on low labor costs, has disappeared; Poland's advantage is now founded on good value for money and the availability of an experienced talent pool to tackle more complex processes and innovate. From non-innovators, we have to become innovators; from followers, we have to become market leaders not only in the region but globally. To speed up the process, we need experienced industry leaders to realize

our visions. To do so, we must be promoted in the corporate hierarchies to achieve global responsibility and have the ability to control positions.

In this part of the report, we will concentrate on leadership challenges. Leadership is frequently defined as the ability of an individual or a group of people to influence and guide followers or members of an organization, society, or team.

56.5% of respondents stated that none of the Global Process Ownership (GPO) work for the worldwide company is led out of Poland. 33.0% of respondents declared the share below 25% of the GPO work, while only 10.2% said that the share was greater than a quarter.

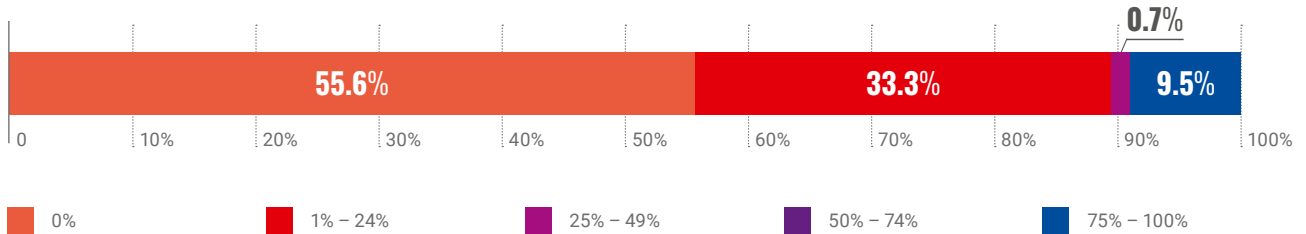


**The task of the leader is to get his people from where they are to where they have not been.**

Henry Kissinger

**FIGURE 2.14**

HOW MUCH OF THE GLOBAL PROCESS OWNERSHIP WORK FOR YOUR WORLDWIDE COMPANY IS LED OUT OF POLAND? (% OF RESPONSES)



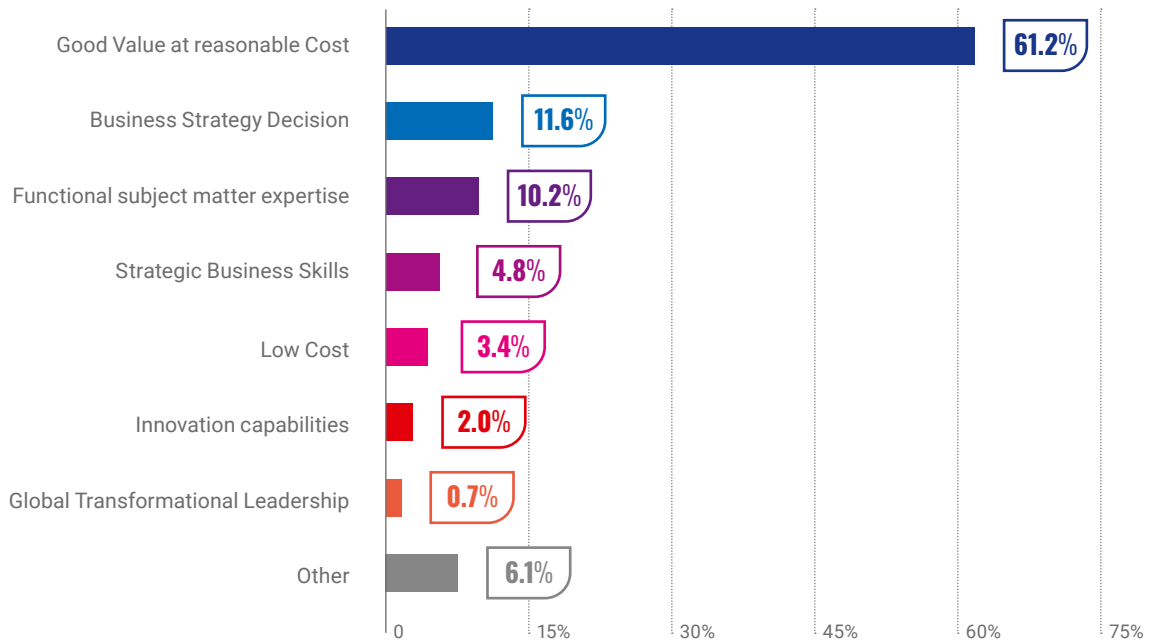
Source: ABSL's analysis based on the results of the survey (N=147)

We asked about the primary reason the global company uses Poland as a Business Services Center. As could have been predicted, taking into account the current stage of the industry's development

in Poland, the primary reason was good value at reasonable costs (61.2% of responses). This was followed by strategic business decisions (11.6%) and functional subject matter expertise (10.2%).

**FIGURE 2.15**

WHY DOES YOUR GLOBAL COMPANY USE POLAND AS A BUSINESS SERVICES CENTER AS THE PRIMARY REASON? (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=147)

Business transformation & leadership

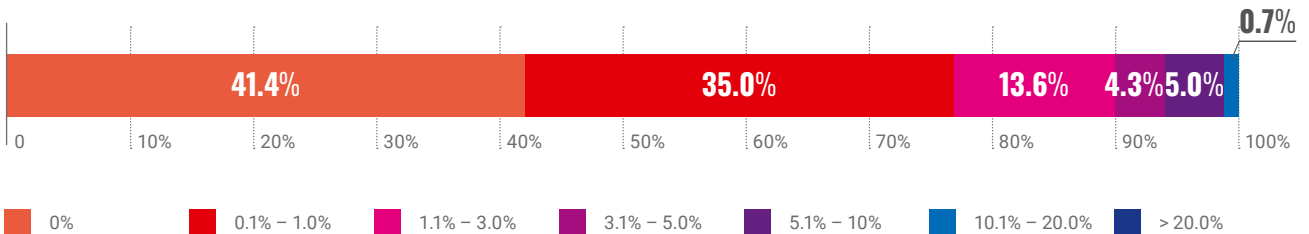
At the same time, only 3.4% of responses pointed towards low costs, and unfortunately, only 2.0% of responses indicated innovation capabilities.

65.1% of respondents said that leaders based in Poland were members of the leadership team of a global shared services organization. In comparison, 29.2% of respondents pointed to the presence of a global/worldwide shared services leader. 53.8% of respondents stated other global leadership positions (e.g., transformational project leader for global projects). The least frequent role was the global company's CXO position (5.7% of cases).

When it comes to global business transformation work (e.g., large global business reengineering projects), Poland service centers are usually responsible for running ongoing operations (85.4%) and for project management and tracking (70.8%), followed by process and technology implementation (60.8%). On the other hand, more than half of the responses pointed to either coming up with a transformational project idea and proposal or being responsible for the implementation of the project (56.2%). The least reported responsibility was the approval of the need to conduct the business transformation (10.8%).

**FIGURE 2.16**

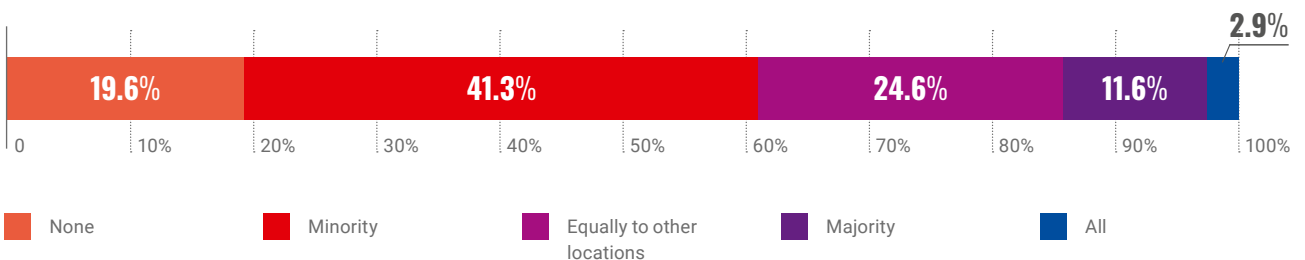
WHAT PERCENTAGE OF YOUR CENTER'S TALENT HAVE YOU EXPORTED INTERNATIONALLY FOR >1-YEAR ASSIGNMENTS TO OTHER COUNTRIES FOR LEADERSHIP ROLES (I.E., NOT FOR TRAINING, BUT TO LEAD IN OTHER COUNTRIES)? IN THE LAST FIVE YEARS (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=140)

**FIGURE 2.17**

HOW MUCH OF THE GLOBAL PROCESS OWNERSHIP WORK FOR YOUR WORLDWIDE COMPANY WAS LED BY A CENTER IN POLAND? (% OF RESPONSES)

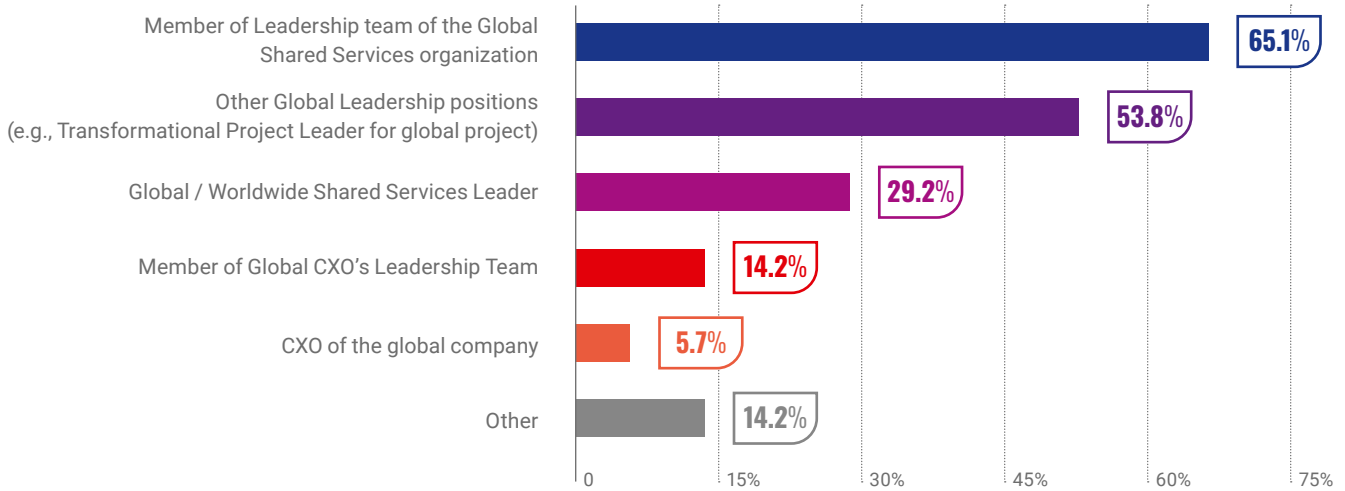


Source: ABSL's analysis based on the results of the survey (N=138)



**FIGURE 2.18**

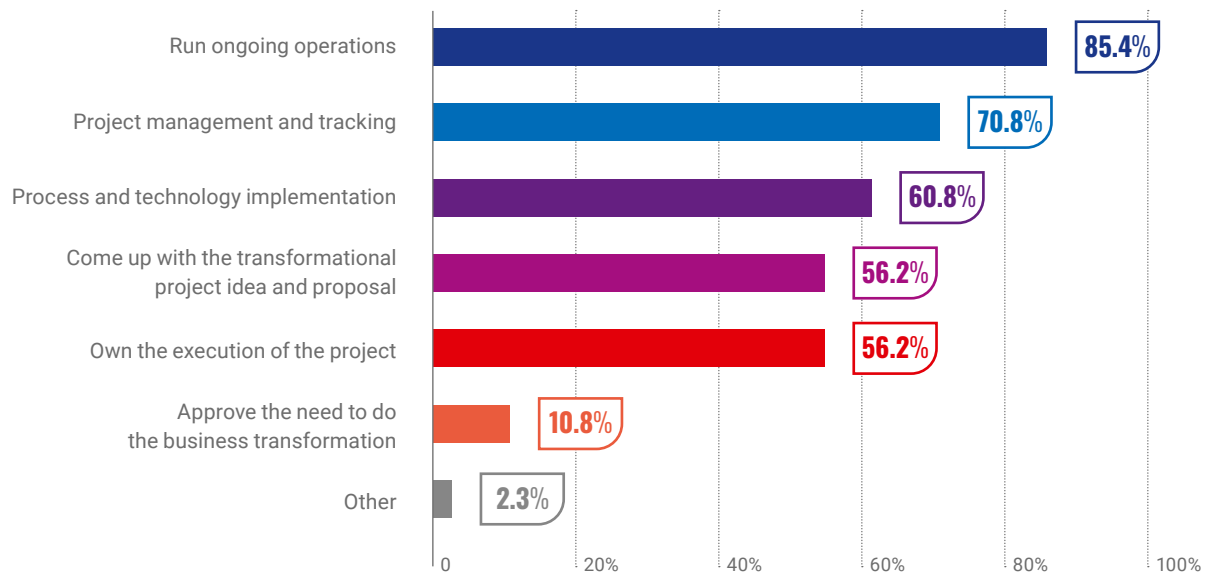
WHICH OF THE FOLLOWING GLOBAL BUSINESS SERVICES EXECUTIVE ROLES ARE BASED IN POLAND? (% OF RESPONSES)



Source: ABSL's analysis based on the results of the survey (N=106)

**FIGURE 2.19**

WHEN IT COMES TO GLOBAL BUSINESS TRANSFORMATION WORK (E.G., LARGE GLOBAL BUSINESS REENGINEERING PROJECTS), WHAT TYPE OF ROLES DOES THE POLAND SERVICE CENTER USUALLY PROVIDE? (% OF RESPONSES)



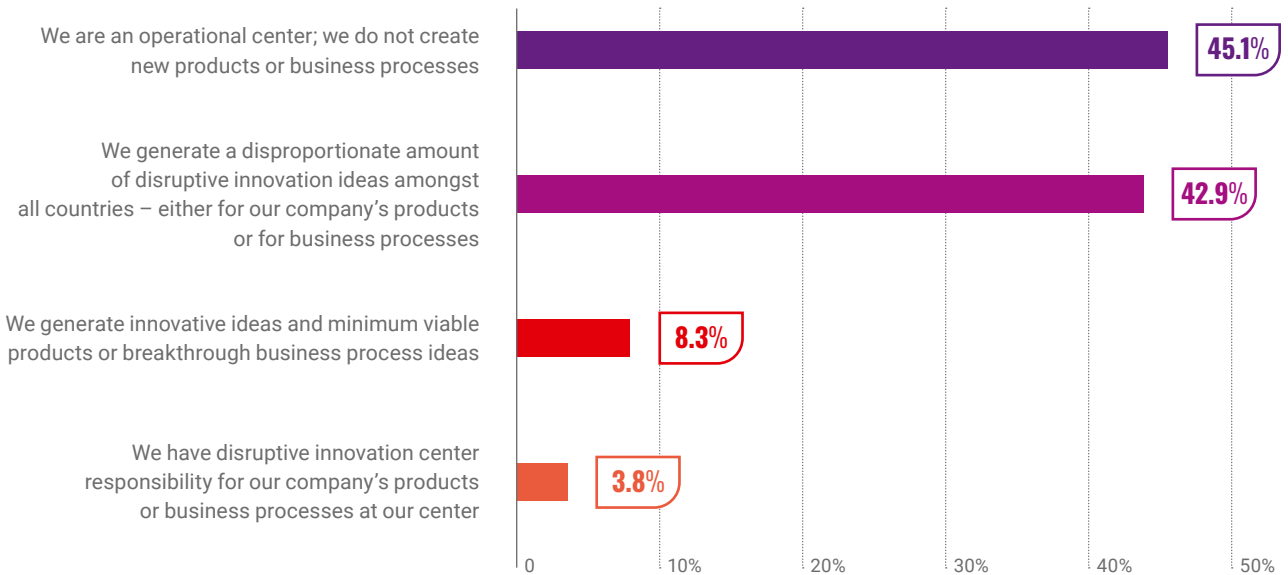
Source: ABSL's analysis based on the results of the survey (N=130)

Only 14.5% of respondents stated that the majority of global process ownership work for the worldwide company was led from Poland. 19.6% of respondents declared none, while 41.3% declared a minority of the work to be conducted from Poland. Roughly one in four respondents declared Poland to have an equal share with other locations with respect to global processes ownership work.

45.1% of respondents declared that their center was operational (we do not create new products or business processes). On the other hand, 42.9% of respondents stated that they would generate a disproportionate amount of disruptive innovation ideas amongst all countries – either for the company’s products or for business processes. In comparison, only 3.8% declared having a disruptive innovation center responsibility for their company’s products or business processes at their center.

**FIGURE 2.20**

HOW MUCH OF THE GLOBAL PROCESS OWNERSHIP WORK FOR YOUR WORLDWIDE COMPANY IS LED BY A CENTER IN POLAND? (% OF RESPONSES)



Source: ABSL’s analysis is based on the survey results (N=133)

# SCOPE OF SERVICES, CENTERS' PLANS REGARDING CHANGES IN HEADCOUNT AND NEW INVESTMENTS

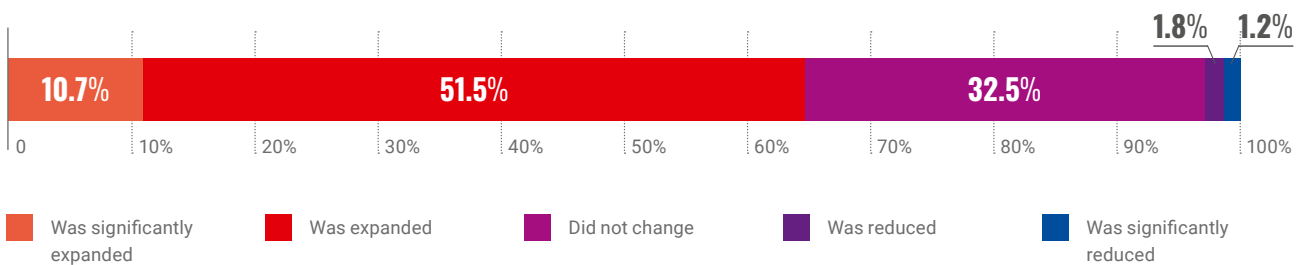
The industry operates in a dynamic economic and social environment characterized by volatility, uncertainty, complexity, and ambiguity (VUCA). Adaptability to negative and positive shocks is a normal part of day-to-day business. The character and scale of challenges that the sector has been confronted with in the last few years have been far beyond expectations. The new reality is determined by the COVID-19 pandemic and its consequences, WFH mode, Russia's invasion of Ukraine, macroeconomic instability as well as global tensions. The industry in Poland is performing well; however, in 2023, the employment dynamics slowed down compared to the previous year. Nevertheless, the sector's employment dynamics (3.8%) remain much higher than the overall employment change in the enterprise sector (-0.2%). Furthermore, due to the qualitative changes the industry is subject

to and the movement toward the middle office, employment dynamics should not be considered the main parameter in performance assessment.

The pandemic has accelerated changes affecting the industry over the last few years (the growing role of AI, robotization, and soft skills; big data and even oceans of data processing; increasing client expectations). Employment plans declared by the survey's respondents (from a Q1 2024 perspective) are optimistic. 65.4% declared that they wanted to increase employment within the Q1 2025 perspective. Although this is 8.5 p.p. lower than the previous year, we must consider the more sophisticated, volatile, and uncertain global economic environment in which the industry operates.

**FIGURE 2.21**

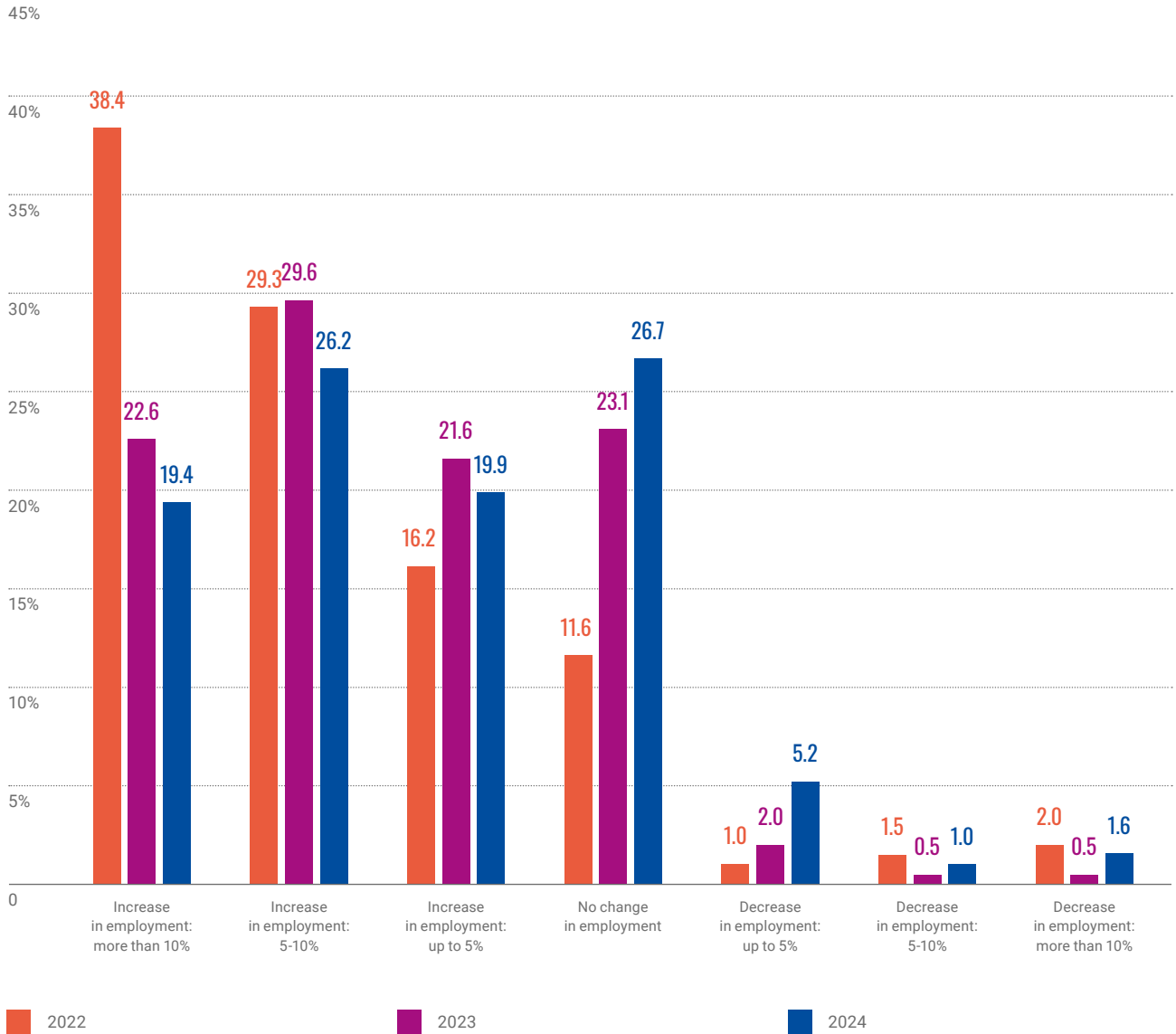
CHANGES IN THE SCOPE OF SERVICES PROVIDED IN 2023?



Source: ABSL's analysis is based on the survey results (N=169)

**FIGURE 2.22**

CENTERS' PLANS REGARDING CHANGES IN HEADCOUNT BY Q1 2025 (SHARE OF CENTERS IN %), COMPARED WITH THE PREVIOUS REPORT RESULTS



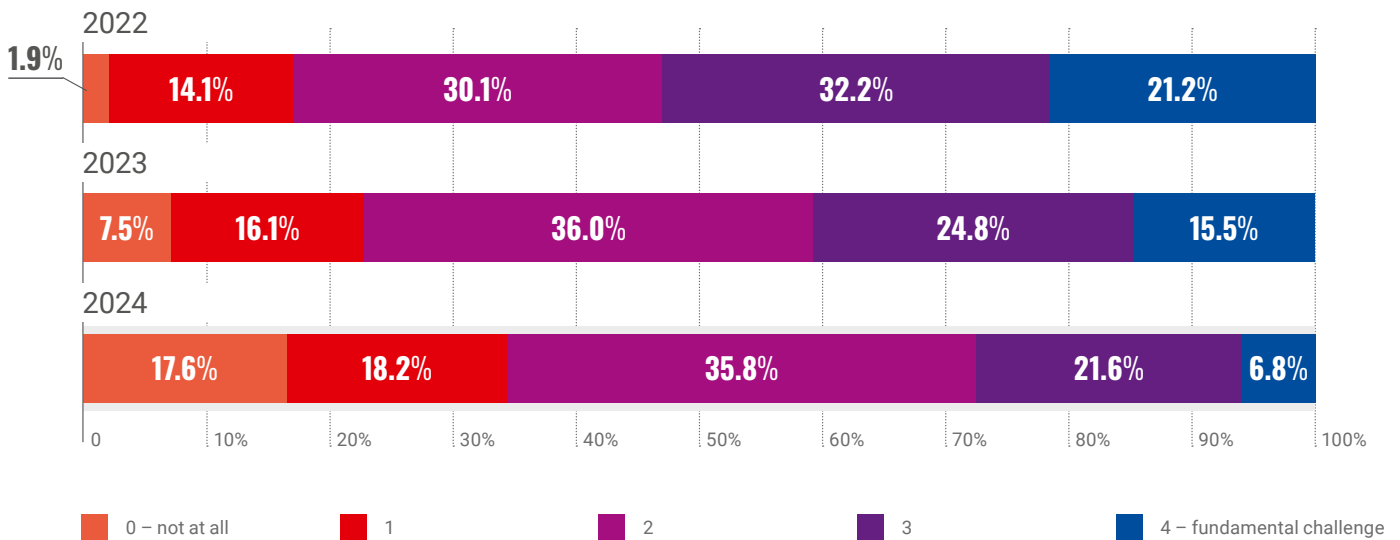
Source: ABSL's analysis based on the results of the survey (N =191)

Employment plans must consider the respondents' perceptions and expectations of talent pool availability. Respondents perceived the talent pool shortage as a less significant barrier to operation and growth than the previous year's survey results. They acknowledged a talent pool shortage and adjusted to this reality by employing more foreigners, as well as people aged 35+. Additionally, in the longer term, WFH and work-from-anywhere, accompanied by the development of AI and automation of processes, are expected to reduce the talent pool shortage.

The pandemic changed recruitment patterns, mostly due to the proliferation of the WFH mode. The respondent's replies confirm our observation from the previous report: the industry appears to be at a crossroads. On the one hand, many investors still perceive locations as offering specific/idiosyncratic talent pool competencies stemming from local business, culture, and tacit knowledge of organizations (and their interactions). On the other hand, talent demand and talent pool scarcity make organizations source personnel from anywhere. Concerning many centers' day-to-day operations and decisions related to long-run teamwork efficiency, the back-to-office issue is at the top of the agenda for several organizations.

**FIGURE 2.23**

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 analysis based on the results of the survey (for 2024 N=14)

Business transformation & leadership

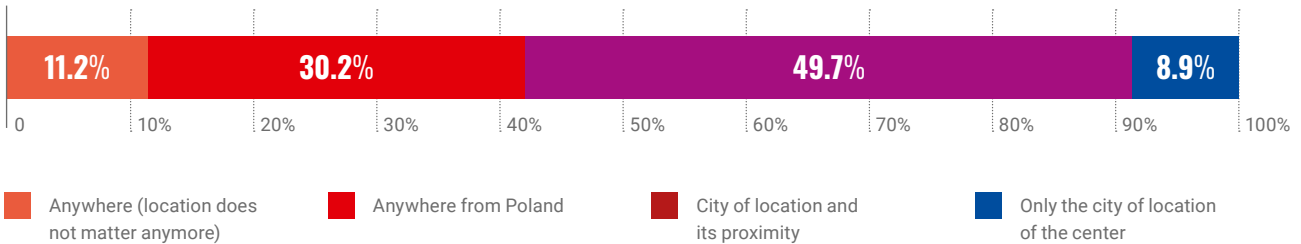
Respondents were asked about their plans to change their presence in Poland in Q1 2025. 93.4% are not expecting any change in the number of locations.

Among those centers planning to expand their activities in Poland in the coming year, 19.7% intended to open a new center (reinvest) in Poland. This percentage

is 1.8 p.p. lower than the previous survey, reflecting mediocre global economic forecasts. Among investors planning to open new centers in Poland within the next year, the most significant are companies with American capital (27.8%) and Polish capital (16.7%).

FIGURE 2.24

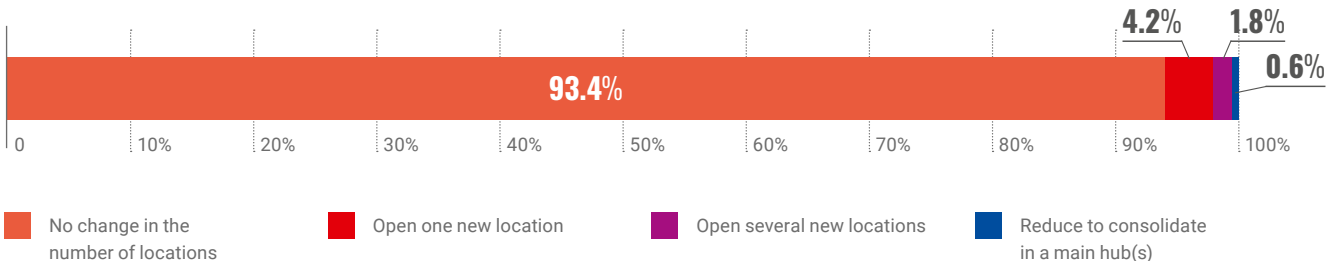
WHAT IS YOUR MAIN RECRUITMENT STRATEGY?



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

FIGURE 2.25

DO YOU HAVE PLANS TO CHANGE YOUR PRESENCE IN POLAND OVER THE NEXT 12 MONTHS?



Source: ABSL's analysis based on the results of the survey (N=167)

# THE ANSOFF MATRIX

The Ansoff matrix, also known as the product-market expansion matrix, is a management strategy tool that companies use to analyze

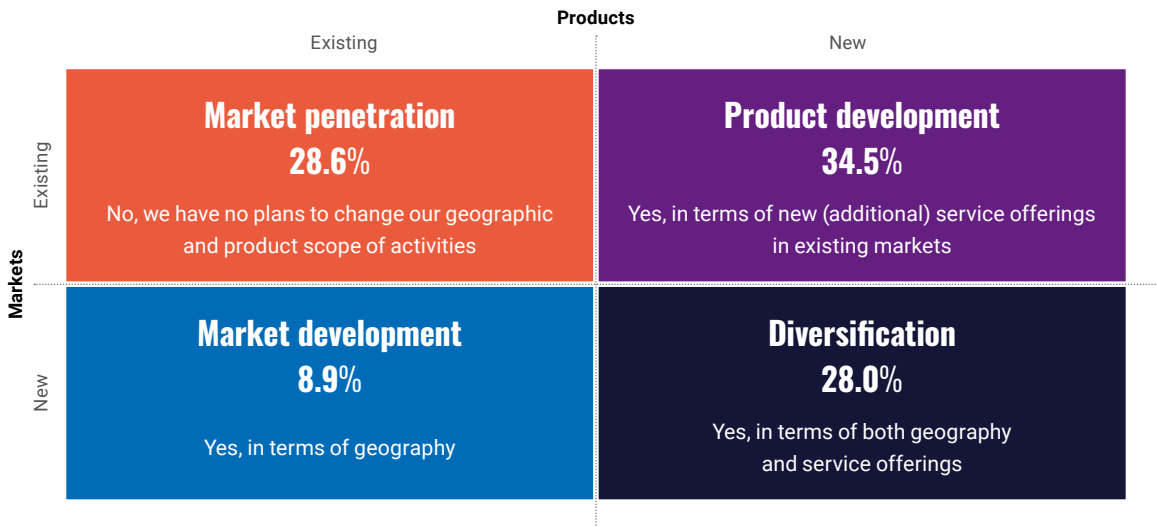
and plan their strategy for growth. The four strategies that appear in the Ansoff matrix are:

<p><b>Market penetration:</b> focusing on increasing sales of existing products in the existing market.</p>	<p><b>Product development:</b> focusing on introducing new products to the existing market.</p>	<p><b>Market development:</b> focusing on entering a new market using existing products.</p>	<p><b>Diversification:</b> focusing on entering a new market by introducing new products.</p>
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The least risky of these is the market penetration strategy, with the most difficult considered to be the diversification strategy. Compared with the previous year, the shift away from the most difficult strategy (diversification) can be observed. 41.0% of respondents declared they would carry out the most difficult product diversification strategy (introducing new products and entering new markets) last year, compared to 34.5%

now. Still, it is the most followed strategy. 28.0% of companies (vide 30.6% last year) develop products in existing markets (product development). At the same time, 28.6% (20.2% in 2023) of respondents have no plans to change geographic and product scope (market penetration), while 8.9% of companies (8.2% last year) plan to enter new markets (market development).

**FIGURE 2.26**  
ANSOFF MATRIX – COMPANY PLANS

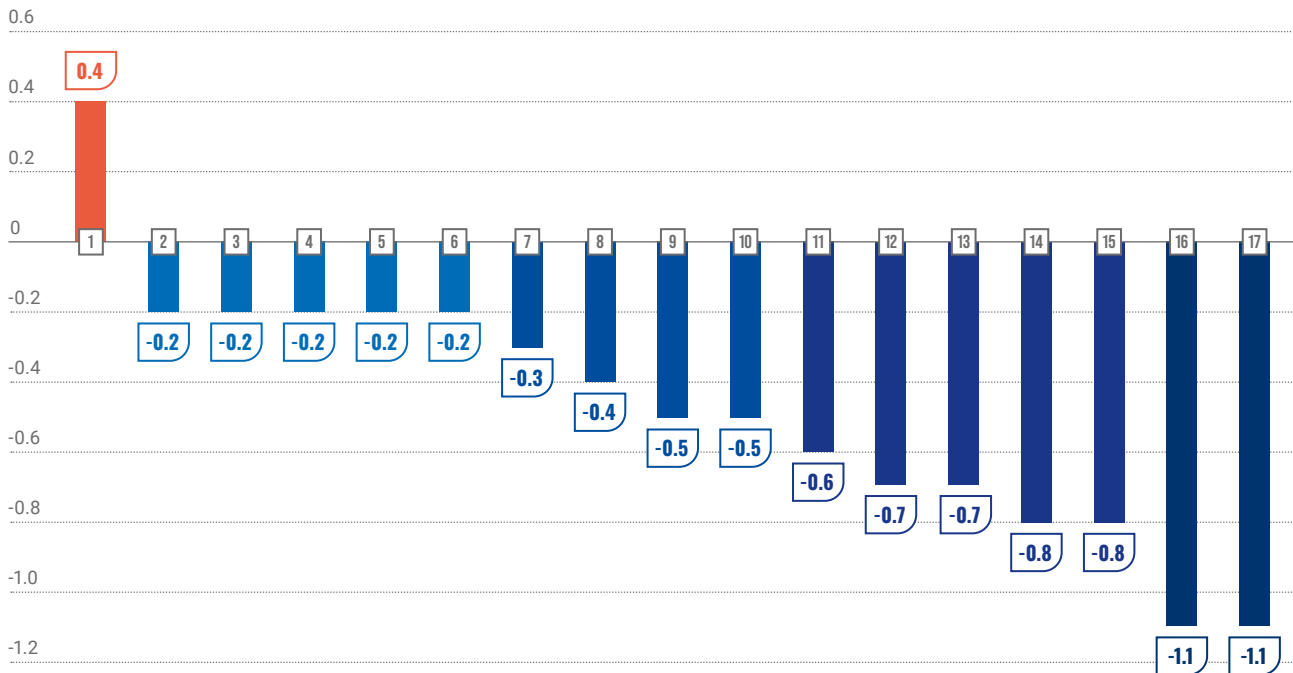


Source: ABSL's analysis based on the results of the survey (N=182)

# DRIVERS OF CHANGE IN THE INDUSTRY

**FIGURE 2.27**

THE IMPACT OF SPECIFIC FACTORS ON THE INDUSTRY IN POLAND FOR THE COMING YEAR  
(AVERAGE OF RESPONSES)



- 1 The increase in the pace of technological progress (genAI revolution)
- 2 Escalation of conflict in Gaza
- 3 Potential CRE (Commercial Real Estate) crisis
- 4 Risk of military conflict in the Taiwan Strait
- 5 Changes in EU structures (e.g., Treaties)
- 6 Results of elections in key global players\*
- 7 Global tensions (e.g., USA-China)
- 8 Changes in the regulatory environment in Poland / EU
- 9 Ongoing Russian military aggression against Ukraine

- 10 Emergence of new variants of COVID or new virus\*\*
- 11 Global talents shortage
- 12 Global / regional slowdown
- 13 Legislation variability and ambiguity/vagueness in Poland
- 14 Destabilization of macro fundamentals\*\*\*
- 15 Potential global financial crisis
- 16 Potential escalation of the military conflict beyond Ukraine
- 17 Increase in labor costs

\* e.g., US / Germany and other countries

\*\* new pandemic wave

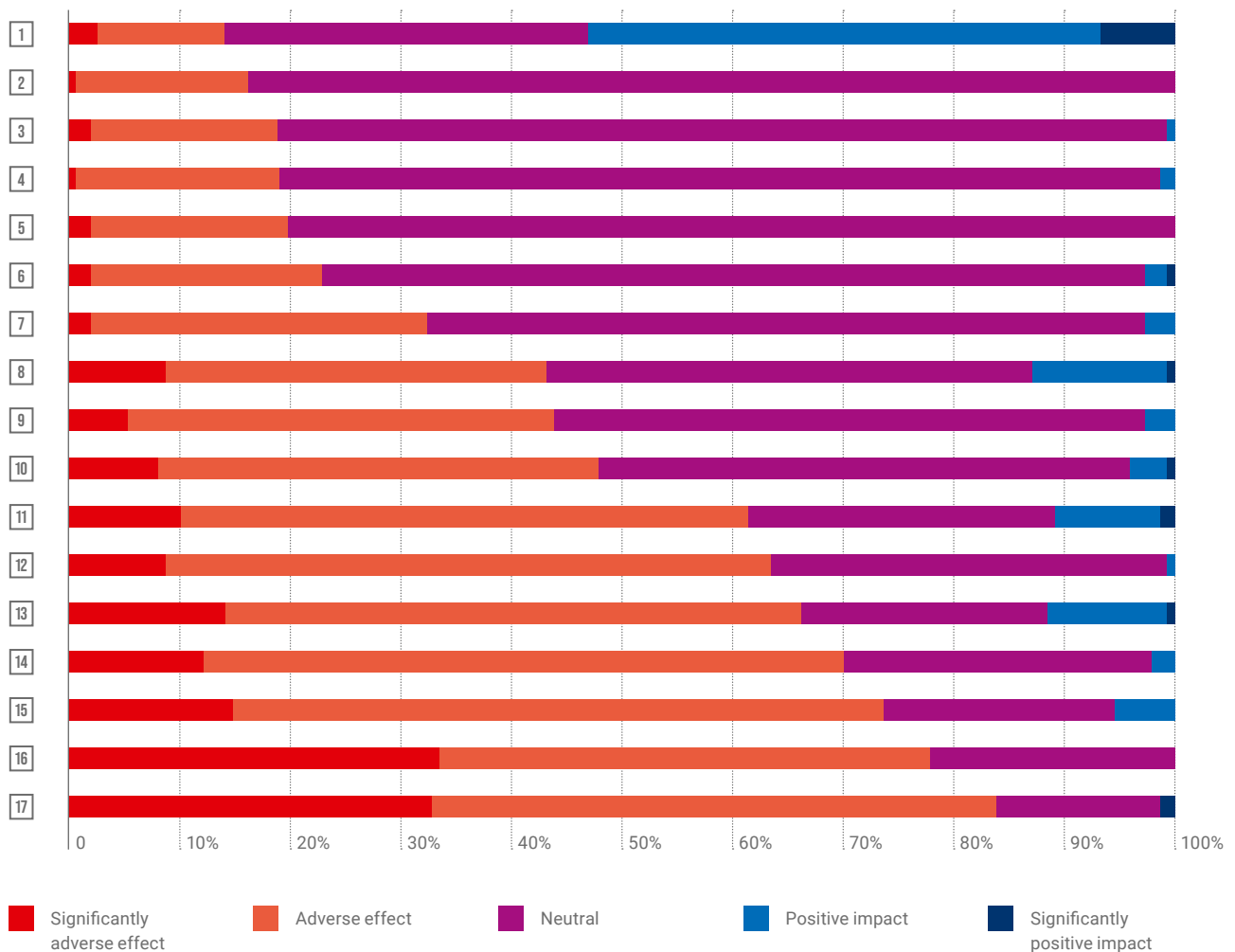
\*\*\* e.g., inflationary pressure / global stagflation, exchange rates volatility

Source: ABSL's study based on the results of the survey (N=150 companies)



**FIGURE 2.28**

THE IMPACT OF SPECIFIC FACTORS ON THE SECTOR IN POLAND FOR THE COMING YEAR (%)



- 1 The increase in the pace of technological progress (genAI revolution)
- 2 Escalation of conflict in Gaza
- 3 Potential CRE (Commercial Real Estate) crisis
- 4 Risk of military conflict in the Taiwan Strait
- 5 Changes in EU structures (e.g., Treaties)
- 6 Results of elections in key global players\*
- 7 Global tensions (e.g., USA-China)
- 8 Changes in the regulatory environment in Poland / EU
- 9 Ongoing Russian military aggression against Ukraine
- 10 Emergence of new variants of COVID or new virus\*\*
- 11 Global talents shortage
- 12 Global / regional slowdown
- 13 Legislation variability and ambiguity/vagueness in Poland
- 14 Destabilization of macro fundamentals\*\*\*
- 15 Potential global financial crisis
- 16 Potential escalation of the military conflict beyond Ukraine
- 17 Increase in labor costs

\* e.g., US / Germany and other countries

\*\* new pandemic wave

\*\*\* e.g., inflationary pressure / global stagflation, exchange rates volatility

Source: ABSL's analysis based on the results of the survey (N=150)

Increases in labor costs and potential escalation of the military conflict beyond Ukraine were indicated as factors that could adversely affect center activity. These factors were followed by global/regional slowdown, legislation variability and ambiguity / vagueness in Poland, destabilization of macro fundamentals (e.g., inflationary pressure/global stagflation, exchange rates volatility), and potential global financial crisis.

Despite their adverse nature, most drivers of change can also be perceived as opportunities. For instance, COVID-19 was initially a shock. Still, it became a game changer, resulting in several structural changes,

such as the speeding up of digital transformation and the mass-scale transition to new work models. Remote and hybrid modes have become a part of the post-pandemic reality. The factor that could have the greatest positive impact on the industry in Poland, according to respondents, is the increase in the pace of technological progress (GenAI revolution).

Figure 2.27 synthesizes respondents' opinions on the factors they said would 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.

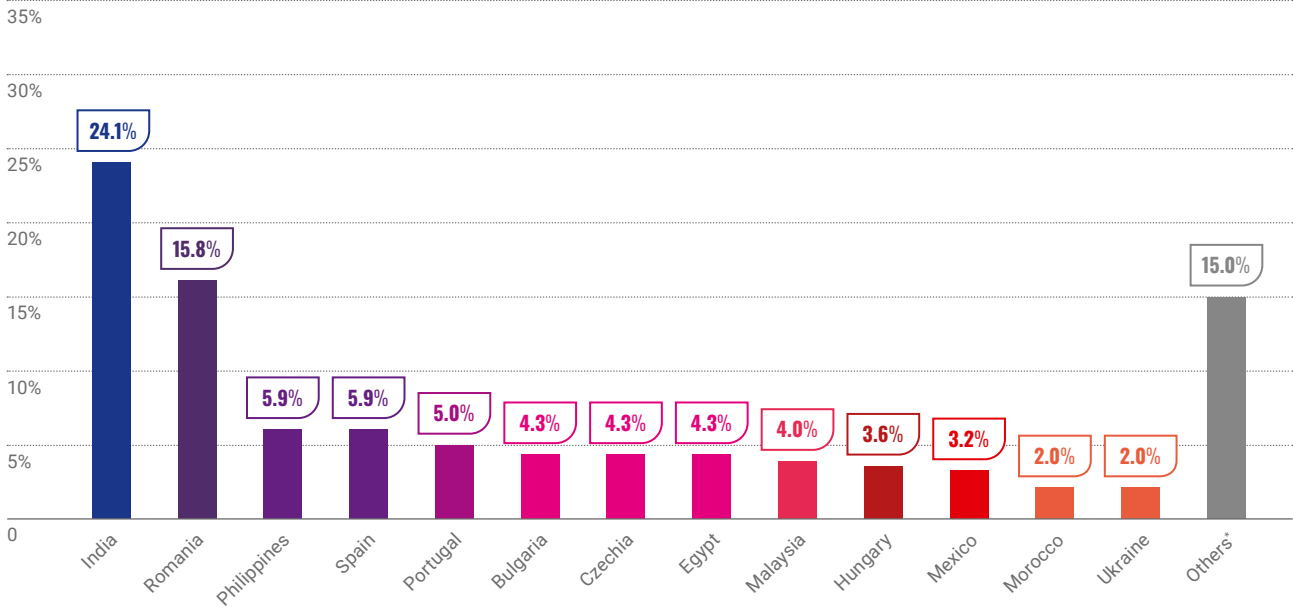
## POLAND'S BIGGEST COMPETITORS IN ATTRACTING BUSINESS SERVICES

The business environment in which investors operate is volatile. The global economy has become vibrant, and black swans events have altered business schemes, work modes, location attractiveness factors, and rankings. On the one hand, organic employment growth in existing centers, which illustrates reinvested earnings, proves how attractive Poland is to investors. On the other hand, some factors can potentially have a detrimental effect on Poland's attractiveness: labor

cost increases, talent pool scarcity, rising uncertainty, and fears stemming from being in proximity to the war in Ukraine. Respondents were asked to identify locations that could directly compete in attracting positions that could be located in Poland, considering Poland's aspiration to expand knowledge-intensive, high-value-added business services against a backdrop of high inflation and talent pool availability issues.

**FIGURE 2.29**

LOCATIONS THAT ARE OR MAY BECOME DIRECT COMPETITORS FOR SERVICES THAT COULD BE LOCATED IN POLAND



\* Others: Slovakia, China, Costa Rica, Lithuania, United Kingdom, Brazil, Turkey, United States, Albania, Canada, Colombia, Croatia, France, Germany, Greece, Italy, Kenya, Moldova, Netherlands, Pakistan, Slovenia, South Africa, Sri Lanka, and Vietnam.

Source: ABSL's analysis based on the results of the survey (N=106)

## ESG IMPERATIVE

Sustainability and ESG principles are now an important part of day-to-day business practice. In response to the environmental and societal challenges, ESG is becoming a part of the business “code of conduct.” It is more intensively regulated in terms of requirements and reporting. The EU Corporate Sustainability Reporting Directive came into force in January 2023. It harmonizes and upgrades the reporting standards and subscribes to the European Green Deal.

Long-term value creation in service firms is subject to ESG principles. Issues such as climate change, net-zero goals, a circular economy, gender pay gap, talent pool scarcity, diversity and inclusion, protecting human rights in GVCs, and data security and employee wellbeing are now an even more integral part of a center’s business reality.

Business transformation & leadership

Centers owned by foreign firms mainly drive the industry in Poland. They are part of global/transnational organizations. 73.5% of respondents declared that they had introduced a global/regional ESG strategy, while 8.4% of respondents had developed a local strategy. These results confirm the global character of the sector’s operations in Poland.

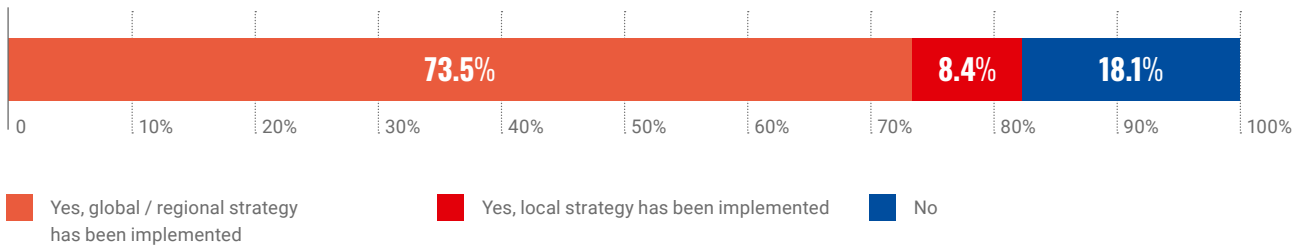
67.3% of respondents stated that they measured and reported performance for global/regional ESG reports, while 27.3% did not do so at all.

The majority of respondents (57.3%) did not have ESG reporting resources within the center. In one-third of the centers, the relevant reporting resources had been delegated and work for the global reporting needs.

ESG is already becoming more prominent in firms’ short–and long-term strategic plans and is another significant dimension of business transformation. We asked the centers how significant ESG elements were for transformation plans from a mid-term perspective (three years). The structure of answers is presented in Figure 2.33.

**FIGURE 2.30**

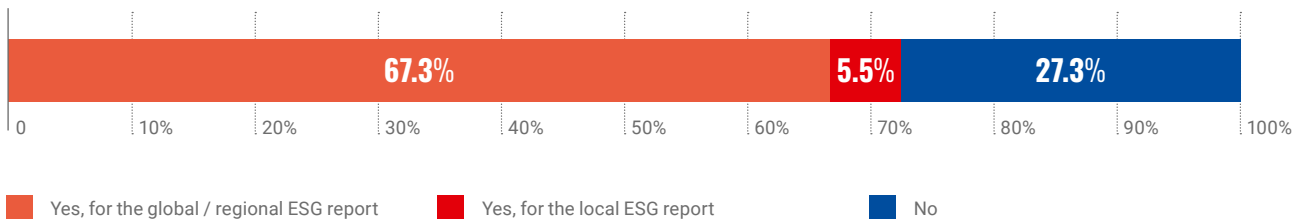
HAS YOUR COMPANY INTRODUCED AN ESG STRATEGY?



Source: ABSL’s analysis based on the results of the survey (N=158)

**FIGURE 2.31**

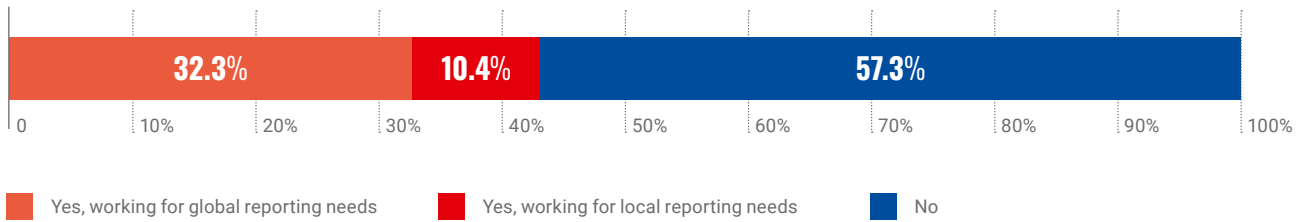
ARE YOU MEASURING AND REPORTING YOUR ESG PERFORMANCE?



Source: ABSL’s analysis based on the results of the survey (N=158)

**FIGURE 2.32**

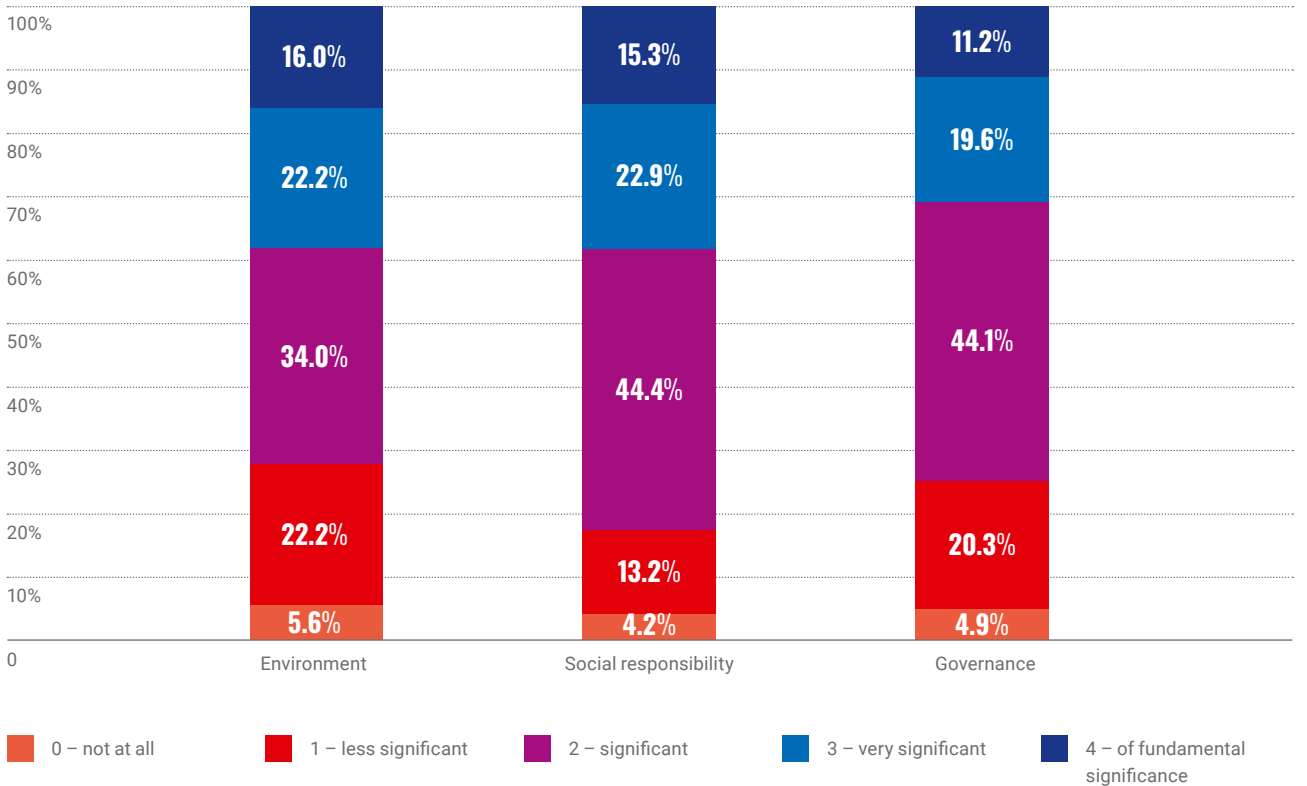
DO YOU HAVE ESG REPORTING RESOURCES WITHIN YOUR CENTER?



Source: ABSL's analysis based on the results of the survey (N=157)

**FIGURE 2.33**

ESG ELEMENTS' SIGNIFICANCE FOR CENTERS' TRANSFORMATION PLANS FROM A MID-TERM PERSPECTIVE (THREE YEARS)



Source: ABSL's analysis based on the results of the survey (N=144)

# 3 OFFICE MARKET

The Polish office space market is one of the most dynamic and innovative in the Central and Eastern Europe (CEE) region. At the beginning of 2024, total resources of modern office spaces in the country's nine main markets amounted to 12.7 million m<sup>2</sup>. Warsaw is the largest business hub in the country and attracts both domestic and international companies.

In recent years, development has also been observed in other agglomerations as well as emerging markets in smaller cities, such as Rzeszów, Bydgoszcz, and Opole. These are becoming attractive locations for companies seeking office spaces.

In terms of demand for leased office space, tenant activity in Warsaw and the main regional cities in 2023 recorded a level similar to 2022.

The total volume of lease transactions was just under 1.5 million m<sup>2</sup>. New contracts dominated the national demand for modern office spaces, and the share of renegotiations and extensions in transaction volume decreased. The market is noting a gradual decline in developer activity after years of numerous new projects being delivered. At the beginning of 2024, over 630,000 m<sup>2</sup> was under construction.

As a result of adopting flexible working policies, the average transaction size in the office sector has decreased by 20-30%. Companies are more inclined to secure office space for longer periods. Tenants prioritize services that define the functions,

concepts, and real estate strategies to adapt to user requirements and business operations. Whether it's transforming existing space within lease renegotiations or negotiating new transactions, this approach offers potential savings and increases office work efficiency. In the coming months of stabilization, vacancy rates and rental rates should decrease.

In the process of adjusting to ESG regulations, companies are seeking office properties with green certificates or potential for ecological upgrades. Building owners recognize this and consider equipping their properties with technological solutions that increase cost efficiency and positively impact employee productivity. In newly delivered buildings, this is almost standard – the number of SmartScore and WiredScore technological certificates is increasing, and in older office buildings, this often constitutes part of planned modernization.

The Polish office real estate market stands out for its dynamic development, offering modern office projects in both large urban centers and emerging cities. The flexibility in choosing locations according to tenant needs, coupled with access to a skilled workforce, makes this segment exceptionally attractive to companies with diverse profiles. Additionally, support from local authorities and a pro-investment economic climate favour operational cost optimization and foster long-term growth prospects.



Chapter content developed by: **Colliers**

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FIGURE 3.1

## OFFICE STATISTICS

**13,000,000** m<sup>2</sup>

Total office supply in Poland. The largest office market in CEE.

**11%**

Share of demand generated by BPO &amp; SSC centers in Warsaw.

**19%**

Share of demand generated by BPO &amp; SSC centers in Warsaw and regions.

**1,606**

Number of lease agreements in 2023.

**1,490,000** m<sup>2</sup>

Volume of lease agreements in 2023.

**10**Number of lease agreements over 10,000 m<sup>2</sup>.**9**

Number of developed office markets.

**680,000** m<sup>2</sup>

Space under construction in 2023.

EUR **28.00**Highest asking rents in Warsaw (m<sup>2</sup> / month).EUR **19.50**Highest asking rents in regions (m<sup>2</sup> / month).**255,000** m<sup>2</sup>

Office space leased by BPO / SSC companies in 2023.

**95,000** m<sup>2</sup>

Absorption in 2023.

**14.0%**

Vacancy rate in the main markets in Poland.

# WARSAW

Warsaw is the largest office market in Poland, with over 6.2 million m<sup>2</sup> of office space. At the end of Q1 2024, around 280,000 m<sup>2</sup>, with delivery deadlines set for 2024-2026, was under construction. A further 200,000 m<sup>2</sup> scheduled for 2024-2028 is in the planning phase.

In 2023, the Warsaw market received only about 60,000 m<sup>2</sup> of office space, marking the lowest volume in history. Nearly 87% of the new supply is located in non-central zones – among the largest buildings were Lakeside (22,700 m<sup>2</sup>) and The Park 9 (11,000 m<sup>2</sup>). In City Centre West, the Studio B building received its occupancy permit (17,900 m<sup>2</sup>).

The volume of transactions registered in 2023 in Warsaw exceeded 748,000 m<sup>2</sup>, a 13% decrease compared to 2022. New agreements accounted for 51% of the total annual demand in Warsaw (an increase of 2 p.p. y/y), while extensions and renegotiations represented 43% (an increase of 4 p.p. y/y), expansions four percent, and space for owner use at three percent. Q1 2024 ended with stable tenant interest of 139,400 m<sup>2</sup>.

The average transaction size to be comparable to the previous year – about 900 m<sup>2</sup>, a decrease of 18% compared to the previous year. The largest transactions from Q1 2023 to Q1 2024 included the renegotiation of GDDKiA in Green Corner B (12,900 m<sup>2</sup>), a pre-lease by Lux Med in Lakeside (12,000 m<sup>2</sup>), and the renegotiation of Accenture in Proximo II (8,800 m<sup>2</sup>).





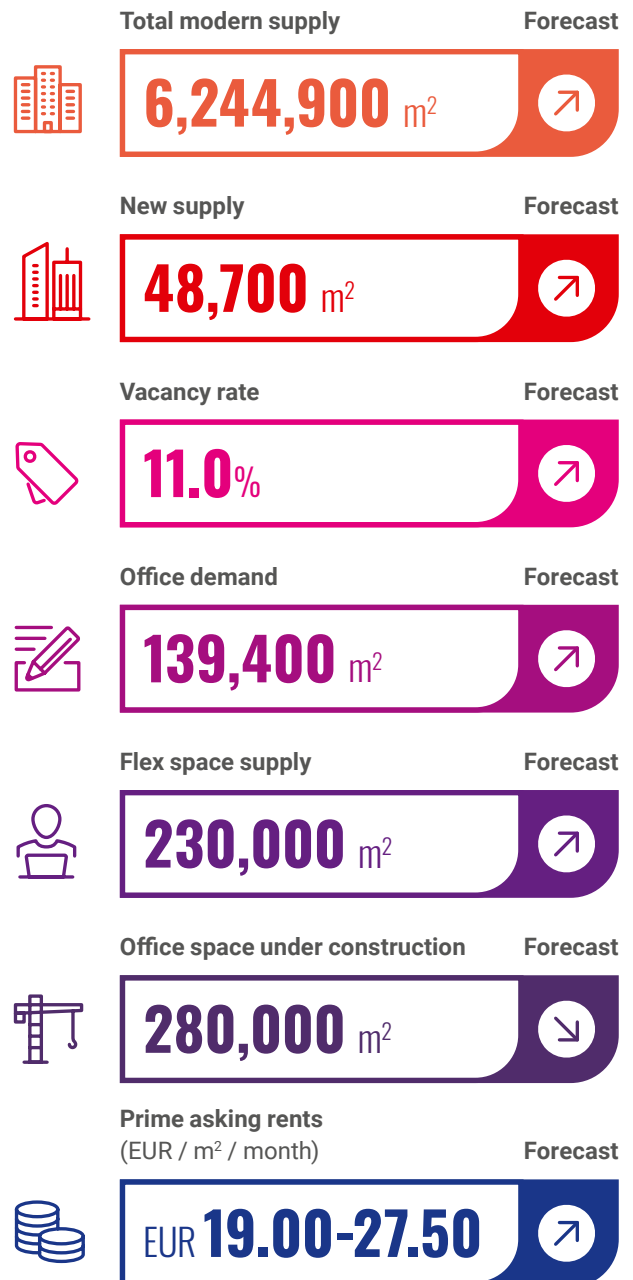
There is significant interest in flexible office spaces in the Warsaw market. Their supply continues to grow year on year, reaching over 230,000 m<sup>2</sup>. Between Q1 2023 and Q1 2024, 13 new transactions and two expansion agreements were signed, totaling approximately 35,000 m<sup>2</sup>. Among the main Warsaw flex space operators are WeWork, Regus, Spaces, New Work, and CiC.

The vacancy rate in Warsaw decreased by 0.6 p.p. compared to Q4 of 2022, and at the end of Q1 2024 stood at 11%, which translates into 687,000 m<sup>2</sup> of available space. The increase in available spaces is a result of the high volume of new supply delivered in 2023.

Rental rates for office space have seen a following year of rises after increases in recent years. In central zones, rents were EUR 19.0-27.5 m<sup>2</sup> / month, while in non-central locations, they stood at EUR 15.00-18.00 m<sup>2</sup> / month.

**FIGURE 3.2**

SUMMARY – WARSAW Q1 2024



Source: Colliers

# KRAKÓW

At the end of Q1 2024, the total office stock in Kraków exceeded 1.8 million m<sup>2</sup>. After Warsaw, the city is the second-largest office market in Poland, and has been developing rapidly in recent years. Buildings completed in the last five years represent around 32% of the city's existing supply.

In 2023, around 97,000 m<sup>2</sup> of modern office space was delivered to the market within nine projects. This figure is approx. 60% higher than in 2024. Major projects completed include buildings such as Ocean Office Park B and D (totaling 35,600 m<sup>2</sup>) and Kreo (24,000 m<sup>2</sup>). Additionally, in Q1 2024, Krakow was one of two markets where developers delivered projects, with Brain Park C obtaining its occupancy permit (13,000 m<sup>2</sup>).

At the beginning of Q2 2024, only 23,000 m<sup>2</sup>, with planned completion for 2024 and 2025 was under construction. This is the lowest volume in years. Another 73,000 m<sup>2</sup> remain in the planning phase with a completion date set for 2025-2026.

In terms of the office take-up registered in 2023, Kraków remained a leader among regional cities. Total gross demand amounted to 201,000 m<sup>2</sup>, which is 2% more than in 2022. Renegotiations accounted for the largest share of all contracts signed in 2023 at 47% (an increase of 18 p.p. y/y). New contracts made up 45% of the total annual demand (a decline of 15 p.p. y/y), with expansions coming in at 8%. In the office building construction phase, tenants pre-let 8,300 m<sup>2</sup>, nearly 4% of total demand.



The lease agreements concluded last year shaped the average transaction size at just under 1,100 m<sup>2</sup>, 10% less than in 2022. In 2023, one lease agreement in Krakow was signed for space exceeding 10,000 m<sup>2</sup>. Among the largest transactions signed between Q1 2023 and Q1 2024 included renegotiations for Google in Tertium Business Park (14,000 m<sup>2</sup>), Luxoft in Quatro Business Park D (7,600 m<sup>2</sup>), and Amway Business Centre-Europe in HighFive 4 (6,400 m<sup>2</sup>). In Q1 2024, tenant activity was 44,000 m<sup>2</sup>.

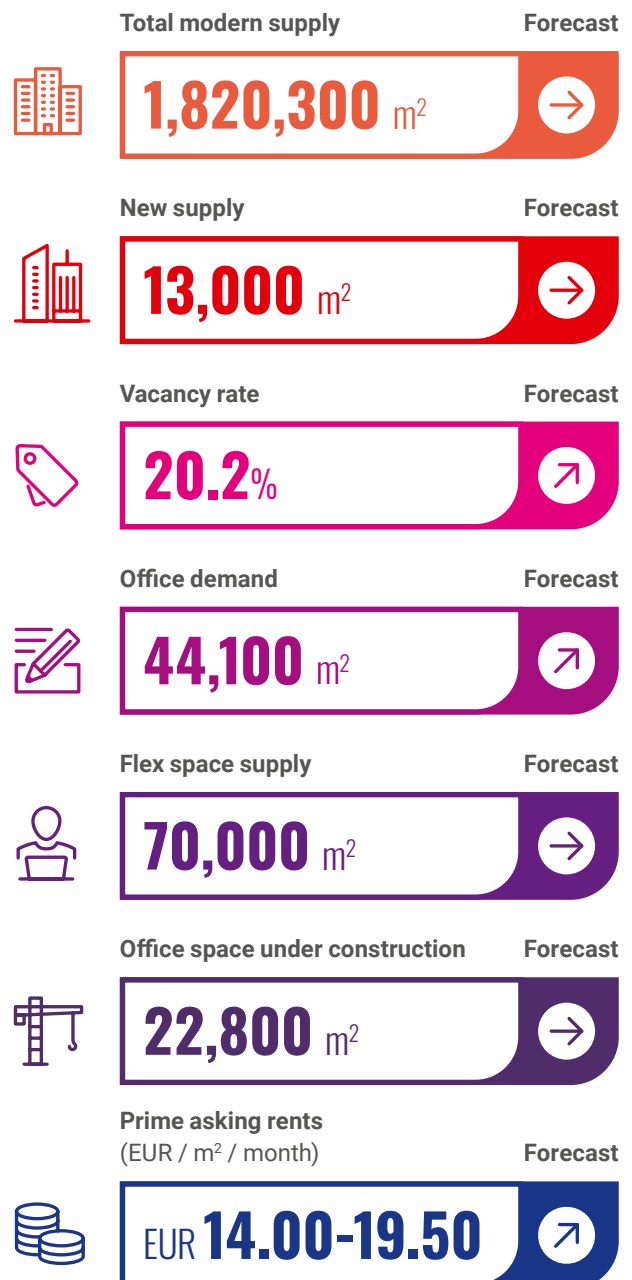
The supply of flexible office space in Krakow is rapidly increasing, with nearly 70,000 m<sup>2</sup> offered by At Office, chilliflex, City Space, Cluster Offices, Loftmill, Quickwork, Regus, and other operators, available at the end of Q1 2024.

At the end of Q1 2024, the vacancy rate increased by 4.1 p.p. compared to Q4 of 2022, reaching 20.2%, which translated into more than 367,000 m<sup>2</sup> of available space.

Asking rents for office space was on an upward trajectory while their range differed depending on the office zones. In modern A-class projects, they stood at EUR 14.00-19.50 m<sup>2</sup> / month in the central zone and EUR 12.00-15.50 m<sup>2</sup> / month in non-central zones.

**FIGURE 3.3**

SUMMARY – KRAKÓW Q1 2024



Source: Colliers



# WROCLAW

Wrocław, with its office space inventory totaling 1.37 million m<sup>2</sup> by the end of Q1 2024, ranks as the second largest regional office market in Poland. Several areas in Wrocław are recognized for their high concentration of office space. Most resources (40%) are located in the Central Business District, which is divided into the city center and the surrounding central areas. Other key office hubs include the Western Business Area and the Southern Business Axis along Powstańców Śląskich Street.

In 2023, developers completed 76,000 m<sup>2</sup> of office space. Major projects included the conversion of retail space to office space in Renoma (23,400 m<sup>2</sup>), South Center 3 (20,800 m<sup>2</sup>), and Infinity (19,700 m<sup>2</sup>). Additionally, in Q1 2024, Wrocław was one of two markets where developers delivered projects, with Quorum Office Park A obtaining its occupancy permit (18,200 m<sup>2</sup>).

At the beginning of Q2 2024, nearly 112,000 m<sup>2</sup> of modern office space was under construction, with completion expected between 2024 and 2026.

In 2023, gross demand for office space in Wrocław was 165,000 m<sup>2</sup>, marking a 20% increase compared to the previous year. New agreements dominated the contract structure, accounting for 52% of total demand (an increase of 4 p.p. y/y), while renegotiations made up 43% (a decrease of 1 p.p. y/y). Expansions accounted for 5% of demand. Approximately 3,200 m<sup>2</sup> was leased in projects still under construction, representing 2% of the total lease volume. In Q1 2024, tenant activity was 25,000 m<sup>2</sup>.



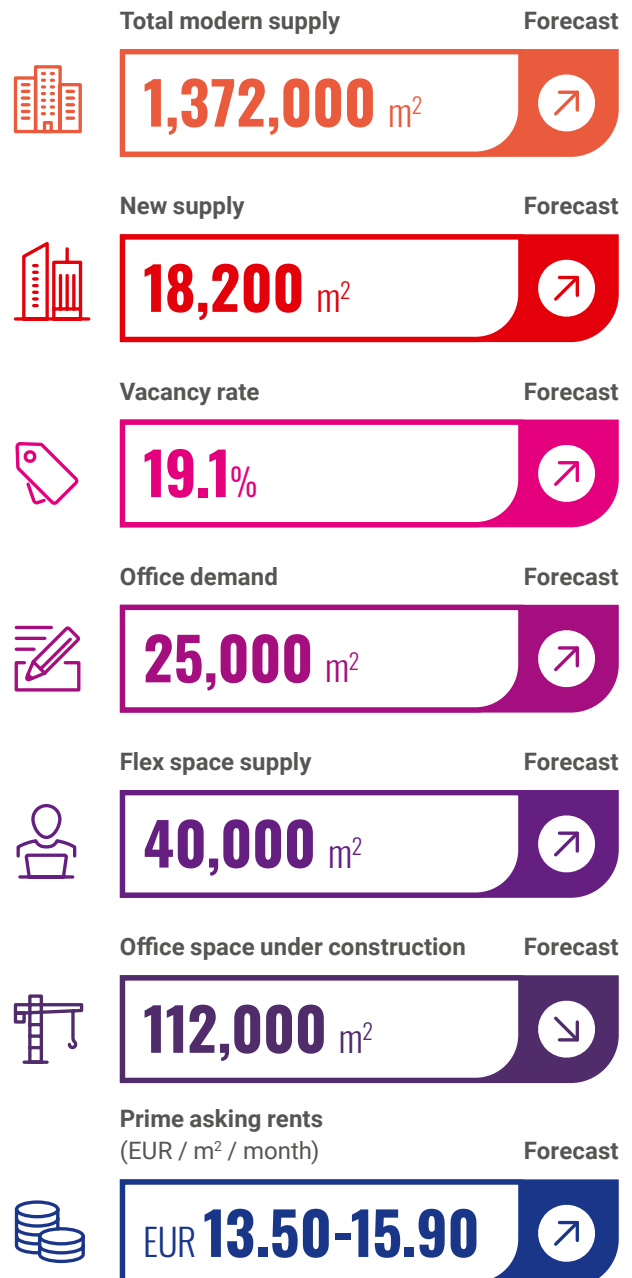
The average size of lease transactions concluded in 2023 was about 900 m<sup>2</sup>, a decrease of 18% compared to 2022. Among the largest transactions signed from Q1 2023 to Q1 2024 was a new agreement for BNY Mellon in South Center 3, a renegotiation for a confidential manufacturing sector tenant in Wrocław Business Park – Bierutowska Park (14,000 m<sup>2</sup>), and a renegotiation for EY in Sagittarius (11,000 m<sup>2</sup>).

The flexible office space market in Wrocław is rapidly developing. In 2023, its supply increased by about 40,000 m<sup>2</sup>, with numerous operators present on the market, including At Office, Business Zone, Business Link, CitySpace, Concordia Design, L’abo, Loftmill, Quickwork, Ready Flex, Regus, Smart Office, and Spaces.

At the end of Q1 2024, the vacancy rate increased by 3.5 p.p. compared to Q4 of 2022, reaching 19.1%, the equivalent of 262,000 m<sup>2</sup> of available space. Office space rents have increased over the past year. In modern A-class projects, tenants pay EUR 13.50-15.90 m<sup>2</sup> / month in central zones and EUR 11.50-13.50 m<sup>2</sup> / month in non-central zones.

**FIGURE 3.4**

SUMMARY – WROCLAW Q1 2024



Source: Colliers





# TRICITY

The total stock in Tricity is over 1 million m<sup>2</sup>, which places Tricity in third place among all regional cities. The largest amount of available office space is 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 Grunwaldzka Avenue (Wrzeszcz, Oliwa). Office projects are also located in the vicinity of Gdańsk airport and the center of the city.

In 2023, four office projects were completed, providing 33,000 m<sup>2</sup> of modern office space, a 30% decrease from 2022. The projects included the new Intel headquarters (23,000 m<sup>2</sup>), Officer (4,700 m<sup>2</sup>), Oliwa 501 (3,300 m<sup>2</sup>), and Matarnia Office Park A (2,100 m<sup>2</sup>).

At the beginning of Q2 2024, over 62,000 m<sup>2</sup> increased by 42% compared to 2022, totaling 144,000 m<sup>2</sup>. Renegotiations dominated transactions, comprising 46% of annual tenant activity (an increase of 25 p.p. y/y), while the share of new contracts fell to 32% (a decrease of 36 p.p. y/y). A significant share was attributable to owner-occupier contracts – 19%. In Q1 2024, tenant activity reached 23,400 m<sup>2</sup>.

The average size of lease transactions in 2023 was approximately 1,300 m<sup>2</sup>, a 30% increase from the previous year. Among the largest transactions in the market from Q1 2023 to Q1 2024 were owner-occupier leases for Intel in their new headquarters (23,000 m<sup>2</sup>), the renegotiation of Energa’s contracts in Olivia Gate (10,600 m<sup>2</sup>), and Sii in Olivia Prime (10,100 m<sup>2</sup>).

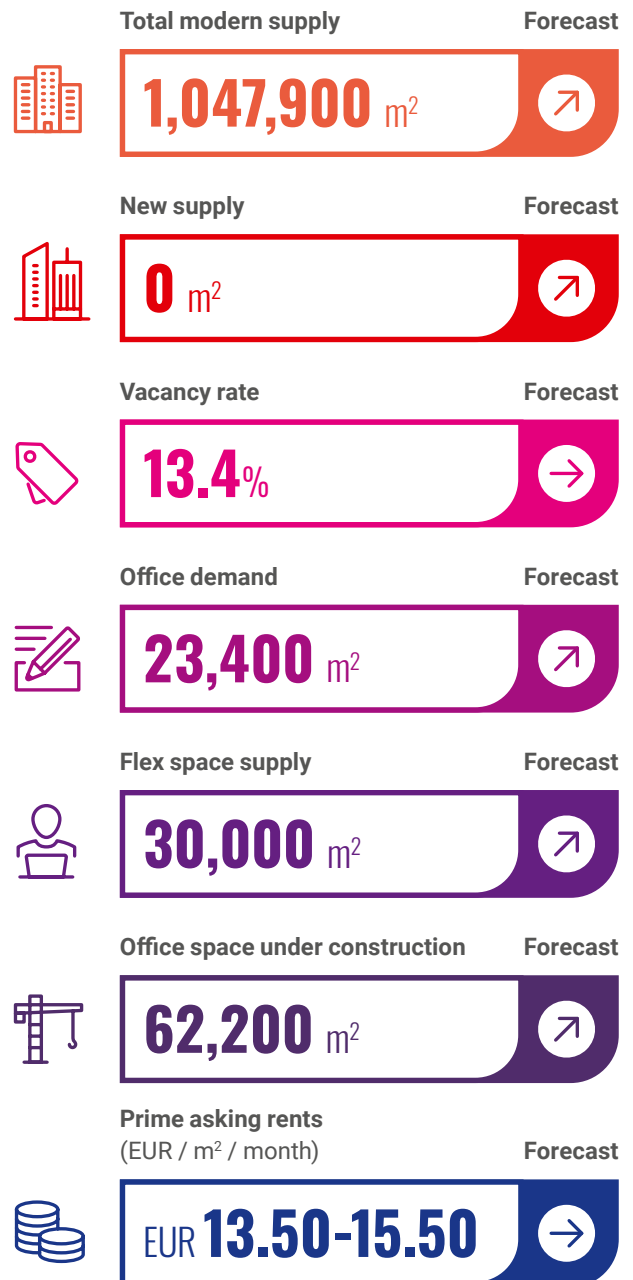
The flexible office space market in Gdańsk is rapidly developing, with approximately 30,000 m<sup>2</sup> of flex space offered by operators such as chilliflex, City Space, Collab, Mind Dock, O4, Quickwork, Regus, and Spaces.

The vacancy rate slightly decreased compared to 2022, reaching 13.4% at the end of Q1 2024, translating into 141,000 m<sup>2</sup> of available space. The vacancy rate in Gdańsk was 11.3%, while in Gdynia it stood at 19.8%.

In class A buildings, rents for office space have increased in the past year and stood at EUR 13.50-15.50 m<sup>2</sup> / month in central zones and EUR 8.50-13.00 m<sup>2</sup> / month in non-central zones.

**FIGURE 3.5**

SUMMARY – TRICITY Q1 2024



Source: Colliers



# KATOWICE

The total office stock in Katowice at the end of Q1 2024 totalled 751,000 m<sup>2</sup>. Growth in supply in the local market is cyclical. Usually, after a year of new openings, there is a reduction in the activity of developers, allowing for the absorption of existing office space. Existing office buildings are clustered around the main arterial routes, such as Chorzowska Street, Korfantego Street, and Murckowska Street as well as Górnośląska Avenue and Roździeńskiego Avenue.

In the past year, developers have delivered 27,000 m<sup>2</sup> of new space within a single project – Craft, brought to the market by Ghelamco. Projects completed in the last five years constitute 32% of existing resources.

At the beginning of Q2 2024, around 54,000 m<sup>2</sup> of office space was in the construction stage, with a scheduled completion date of 2024 – 25. Local and international developers such as Cavatina, GPP, and Opal Maximum continue projects, which will be gradually completed in the coming years. There is another 90,000 m<sup>2</sup> in the planning phase for the years 2025-2026.

In 2023, total demand in Katowice stood at 61,000 m<sup>2</sup>, a level similar to that of 2022. The largest share of the market was new agreements at 56% (a decrease of 18 p.p. y/y). Renegotiations constituted 32% (an increase of 16 p.p. y/y) and expansions 12% of the total lease volume. The average transaction size was 800 m<sup>2</sup>, which is 300 m<sup>2</sup> less than in 2022.





The largest deals signed between Q1 2023 and Q1 2024 included a new agreement with Concentrix in Global Office Park A2 (5,200 m<sup>2</sup>) and a pre-lease by BNP Paribas in Grundmann Office Park A (4,100 m<sup>2</sup>), as well as the renegotiation of Eurofinx in Katowice Business Point (3,900 m<sup>2</sup>). In the past year, 2023, no deal above 10,000 m<sup>2</sup> was recorded. In Q1 2024, tenant activity was 12,000 m<sup>2</sup>.

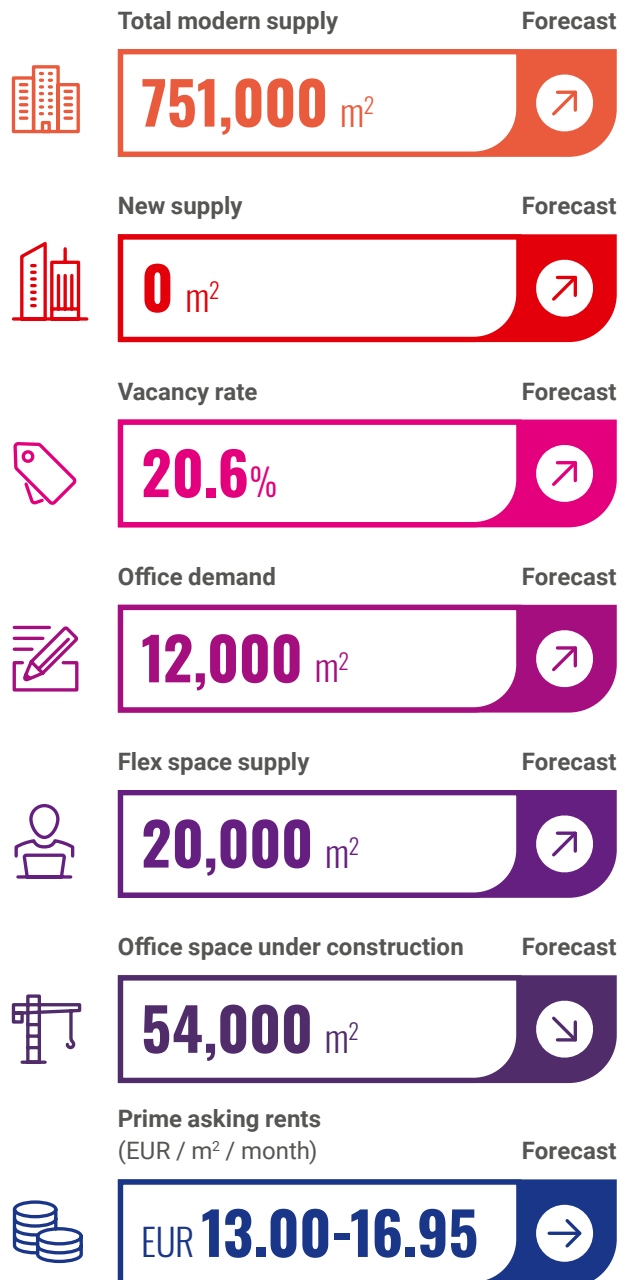
The supply of flexible office space in Katowice is rapidly growing. The market operates about 20,000 m<sup>2</sup> of coworking space, with both foreign and Polish operators present, such as City Space, DL Space, Loftmill, Regus, and Quickwork.

The vacancy rate at the end of Q1 2024 was 20.6% and noted an increase of 3.4 p.p. compared to Q4 2023. Nearly 155,000 m<sup>2</sup> of space is available for rent on the market. The increase in the vacancy rate is due to a limited number of tenants in the local market and the high volume of new supply recently delivered.

Rental rates in the best buildings in the city range from EUR 13.00-16.95 m<sup>2</sup> /month in central zones and from EUR 10.00-12.50 m<sup>2</sup> /month in non-central zones.

**FIGURE 3.6**

SUMMARY – KATOWICE Q1 2024



Source: Colliers

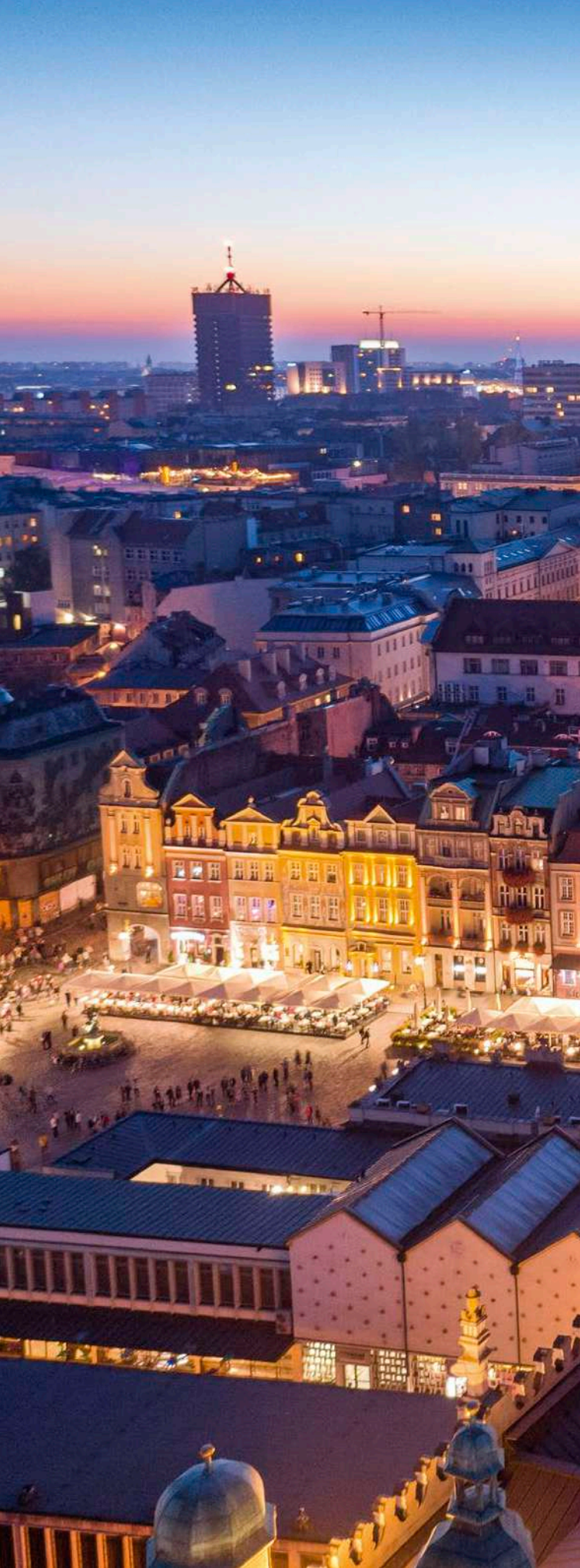
# POZNAŃ

Total office stock in Poznań at the end of Q1 2024 stood at 672,000 m<sup>2</sup>. Last year, developers completed four office projects after a period of new supply shortage, including Nowy Rynek E (28,500 m<sup>2</sup>).

At the beginning of Q2 2024, 58,000 m<sup>2</sup> of office space was under construction, with completion scheduled for 2024 and 2025. Over 60,000 m<sup>2</sup> are planned for the years 2025-2027. Notable investments include the Stara Rzeźnia project, which is being developed by Vastint. The city's development will also be significantly influenced by a multi-stage investment by BPI Real Estate Poland and Revive in the center of Poznań on the site of former military barracks. The project includes plans to combine residential, service, and office functions as well as the revitalization of historic buildings.

The total volume of lease transactions in 2023 was 77,000 m<sup>2</sup>, which was a 67% increase compared to 2022. New contracts dominated the demand structure – 54% (an increase of 1 p.p. y/y). Renegotiations accounted for 31% of the lease volume (a decrease of 10 p.p. y/y). The share of space leased for owner use increased to 14%, and expansions made up one percent of total annual demand. In Q1 2024, tenant activity reached 24,200 m<sup>2</sup>.

The average size of lease transactions in Poznań was 800 m<sup>2</sup> in 2023, which was 27% less than in 2022.



The largest agreements signed from Q1 2023 to Q1 2024 included the owner-tenant agreement for Tetos in the Tetos HQ building (10,800 m<sup>2</sup>), a new agreement for NFZ in Malta Office Park E (4,900 m<sup>2</sup>), and a renegotiation for APS in the Maraton A project (3,200 m<sup>2</sup>).

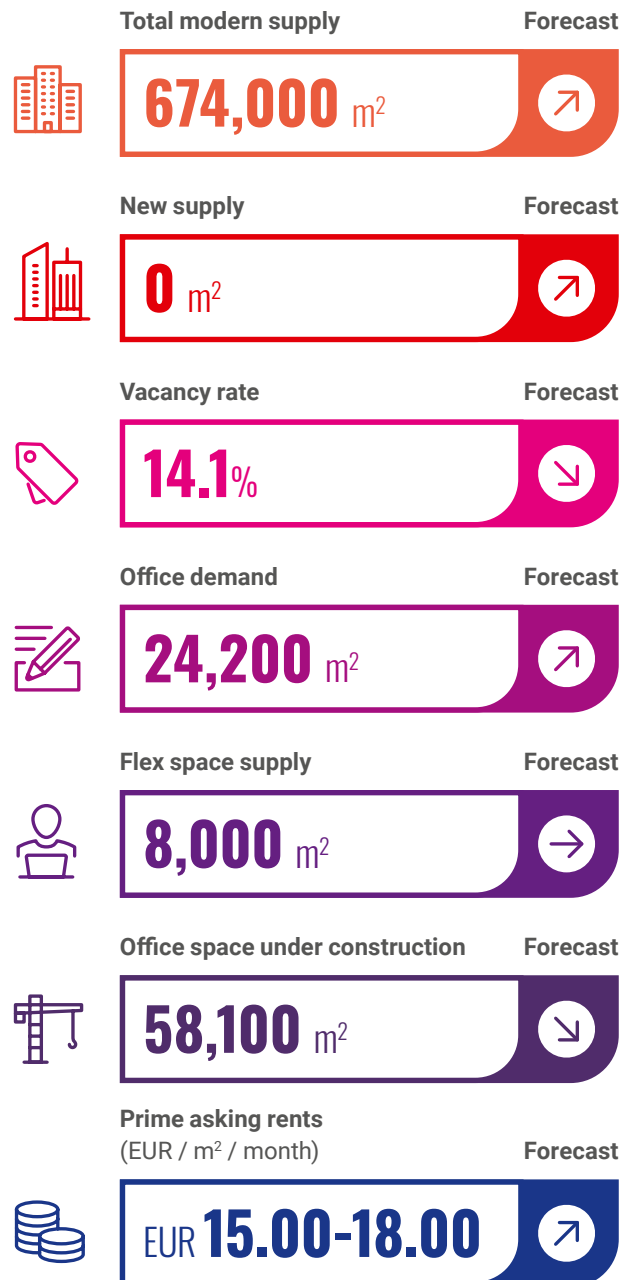
The flexible office space market in Poznań is in its initial stages of development, with a total supply estimated at about 8,000 m<sup>2</sup> offered by operators such as Biurcoo, Business Link Concordia Design, eN Studios, and Regus.

At the end of Q1 2024, the vacancy rate decreased by 3.6 p.p. compared to 2022 and stood at 14.1%, which translated into 95,000 m<sup>2</sup> of available space.

Rental rates for office space recorded an increase after being stable for several quarters. Tenants in modern A-class projects have to pay rents of EUR 15.00-18.00 m<sup>2</sup> / month in central zones and EUR 12.00-13.50 m<sup>2</sup> / month in non-central zones.

**FIGURE 3.7**

SUMMARY – POZNAŃ Q1 2024



Source: Colliers



# ŁÓDŹ

At the end of Q1 2024, the supply of modern office space in Łódź totalled 637,000 m<sup>2</sup>. Within the city center, three separate office hubs are becoming increasingly distinct: NCL, the vicinity of Piotrkowska Street and the junction of Mickiewicza and Piłsudskiego Avenues, and the area of Marszałków on Piłsudskiego Avenue covering Śmigłego-Rydza Avenue and Kopcińskiego Street. The remaining office projects are in the north-western part of the city (Teofilów) and the south-eastern zone (Dąbrowa).

In 2023, one project was delivered to the market, the next phase of the Fuzja complex – building J (1,900 m<sup>2</sup>). At the beginning of Q2 2024, 16,700 m<sup>2</sup> of office space was under construction in the city, with a completion timeline set for 2024 and 2025.

The total gross demand in Łódź in 2023 was 55,000 m<sup>2</sup>, which is a 13% increase compared to 2022. The dominant part of total tenant activity in 2023 comprised new agreements – 66% (an increase of 12 p.p. y/y). Renegotiations accounted for 27% (an increase of 6 p.p. y/y). Expansions of existing tenants and transactions for own use each made up 3%. In Q1 2024, tenant activity was 6,400 m<sup>2</sup>.



The average size of lease transactions in 2023 decreased by 18% compared to 2022, amounting to 700 m<sup>2</sup>. Among the largest transactions signed between Q1 2023 and Q1 2024 in Łódź were a new agreement for Allorica in React (5,000 m<sup>2</sup>) and a new agreement for Pekao SA in React (3,300 m<sup>2</sup>), as well as a renegotiation for Harman Connected Services in Ogrodowa 8 Office (3,800 m<sup>2</sup>).

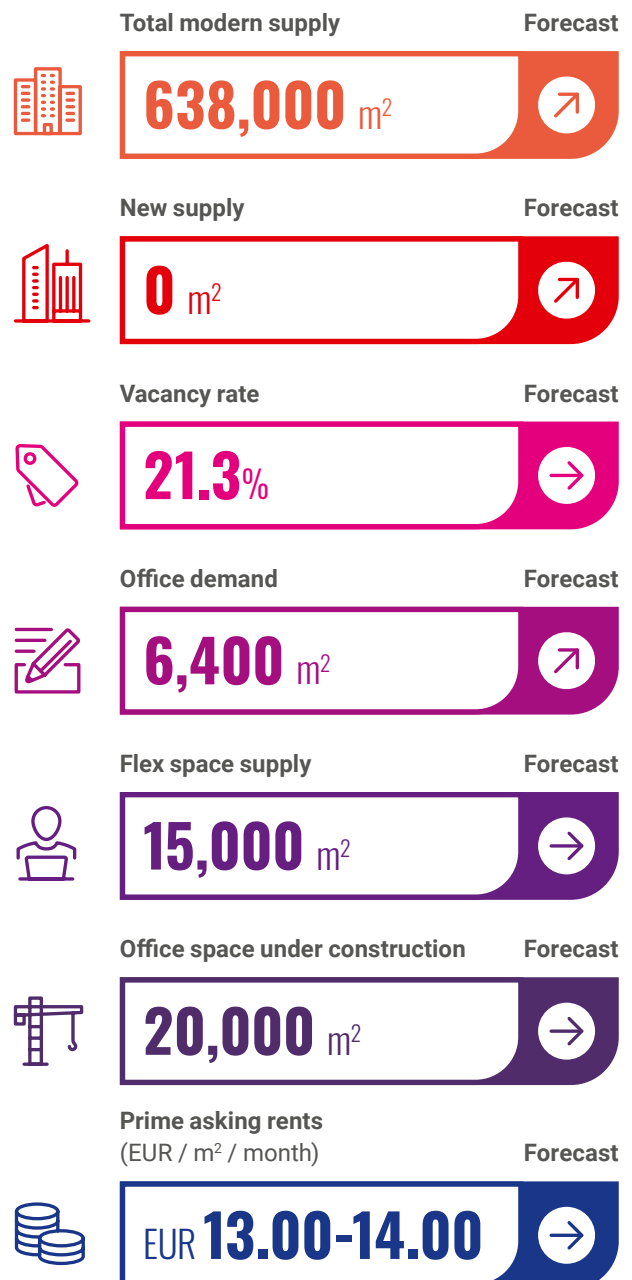
The supply of flexible office space in Łódź is rapidly developing, estimated at about 15,000 m<sup>2</sup>. Among active operators in the city are Avestus Flex, chilliflex, City Space, Loftmill, Memos, and New Work.

At the end of Q1 2024, the vacancy rate slightly increased compared to Q4 2022 and stood at 21.3%, translating into 136,000 m<sup>2</sup> of available space.

Compared to other cities, Łódź is a competitive market – asking rents in prime properties amounted to EUR 13.00-14.00 m<sup>2</sup> /month in the central zone and EUR 9.00-12.00 m<sup>2</sup> /month in non-central zones.

**FIGURE 3.8**

SUMMARY – ŁÓDŹ Q1 2024



Source: Colliers

# LUBLIN

Lublin is the seventh-largest regional office market in Poland and the largest hub for modern offices in the eastern part of the country. At the end of Q1 2024, the total resources of modern office space amounted to 220,000 m<sup>2</sup> across 49 modern office buildings. Buildings completed in the last five years represent about 18% of existing supply. In 2023, developers did not complete any new office projects. However, at the beginning of Q2 2024, projects such as Agatowa Office (2,000 m<sup>2</sup>) and Pałac Potockich (2,500 m<sup>2</sup>) were under construction.

The total volume of lease transactions in Lublin in 2023 amounted to 21,600 m<sup>2</sup>, a twofold increase on 2022. As much as 76% of the contracts signed were defined as new agreements, and 21% of the office space leased was through renegotiations.

The average size of lease transactions was approximately 500 m<sup>2</sup>, which is 30% lower than in 2022. The largest transactions in the Lublin market between Q1 2023 and Q1 2024 included the renegotiation for Concentrix at Nord Office Park (3,800 m<sup>2</sup>) and a new agreement for Pekao in CZ Office Park D (2,000 m<sup>2</sup>). In Q1 2024, tenant activity was 5,300 m<sup>2</sup>.



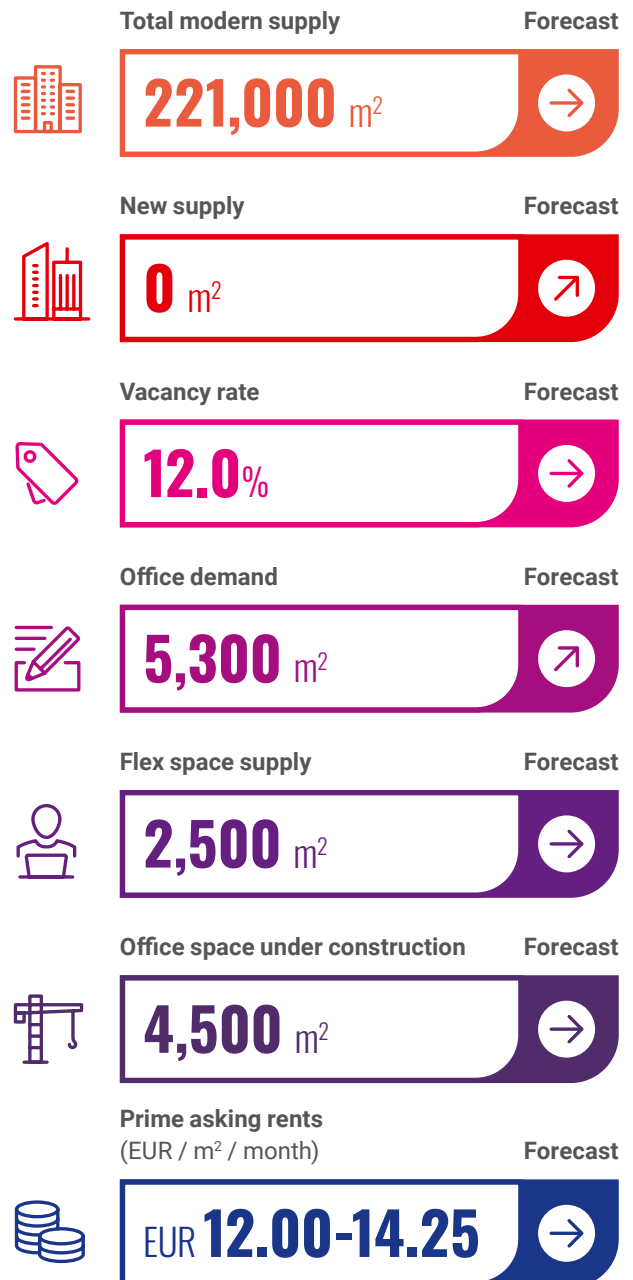


The market for flexible office space in Lublin is in its initial stages of development. Two major players are present – Regus in the Zana 39 building and Loftmill in CZ Office Park. At the end of Q1 2024, the vacancy rate in Lublin decreased by 4.7 p.p. compared to Q4 2022, and stood at 12%. Currently, there remains 26,500 m<sup>2</sup> of vacant offices in Lublin, both in Class A and Class B/B+.

Lublin is a competitive market compared to other regional cities due to favorable rental conditions. Rents for office space have remained at a similar level for several quarters. In Class A modern projects, tenants pay EUR 12.00-14.50 m<sup>2</sup> / month in the central zone and EUR 9.50-12.00 m<sup>2</sup> / month in areas outside the city center.

**FIGURE 3.9**

SUMMARY – LUBLIN Q1 2024



Source: Colliers

# SZCZECIN

Existing modern office space in Szczecin stands at 185,000 m<sup>2</sup>, which is the lowest among all eight regional cities. Szczecin is a market that is relatively early in its development. The supply develops cyclically—usually, after a period rich in new investments, there is a decrease in developer activity, as the market requires a period for the absorption of existing office space. In 2023, one new project, Kurzy Młyn, was completed, adding 1,800 m<sup>2</sup>. At the beginning of Q2 2024, 4,400 m<sup>2</sup> was under construction.

The vast majority of office space in Szczecin (about 80%) is located in the city center around Wyzwolenia Avenue, Niepodległości Avenue, and in the area of Brama Portowa. This is where the city's office and commercial resources are concentrated. A new location is the southern part of the city – Gumieńce, where large office projects such as Cukrowa Office and Szczecin Business Plaza have recently been completed.

In Szczecin, there is a moderate level of interest from office space tenants. Gross demand in the past year was nearly 15,400 m<sup>2</sup>, which represents a 17% decrease on 2022. In Q1 2024, tenant activity was registered at 2,700 m<sup>2</sup>.





The largest share among all contracts in 2023 was renegotiations and lease extensions – 52% (an increase of 26 p.p. y/y), while new agreements accounted for 41% of annual demand (a decrease of 33 p.p. y/y).

The largest transactions from Q1 2023 to Q1 2024 included a renegotiation for a confidential IT sector client in Lastadia Office (3,000 m<sup>2</sup>) and a renegotiation for Intive in Maris Centrum Biurowe (1,900 m<sup>2</sup>). The average size of lease transactions concluded in 2023 dropped to 620 m<sup>2</sup>.

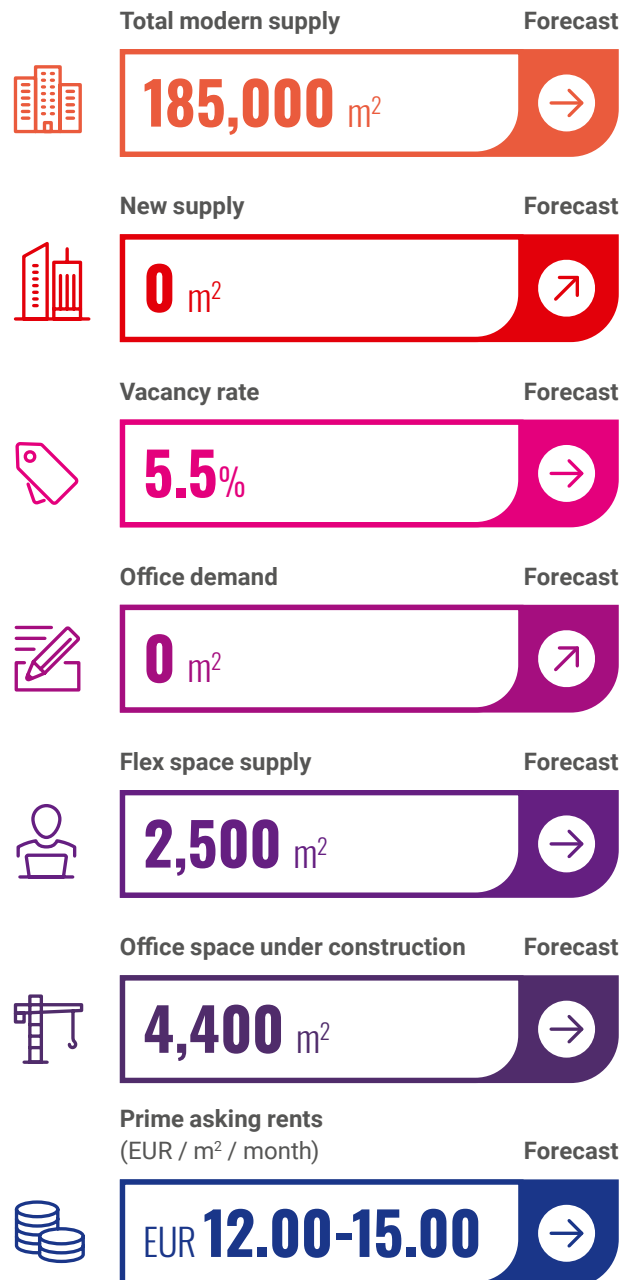
The flexible office space market in Szczecin is in its initial stages of development, with operators offering services, including Beln Offices, Biuro Aloha, and Marina.

The vacancy rate decreased by 0.3 p.p. compared to the end of 2023 and, at the end of Q1 2024 stood at 5.5%, equating to 10,000 m<sup>2</sup> of available space. This is the lowest rate among all regional cities.

Rents for office space have remained at a similar level for several years. In Class A modern projects, tenants in the city center must pay EUR 12.00 to 15.00 m<sup>2</sup> / month, while in areas outside the city center, it ranges from EUR 10.00 to 12.00 m<sup>2</sup> / month.

**FIGURE 3.10**

SUMMARY – SZCZECIN Q1 2024



Source: Colliers

## SECONDARY OFFICE MARKETS

Investor interest in smaller cities in Poland is growing. Well-developed transportation infrastructure, the availability of a skilled workforce, and active support from local authorities, have made these locations attractive for investments in modern office buildings. By relocating operations to these areas, companies gain access to talent without competing in the saturated markets of large agglomerations and benefit from lower labor and rental costs, which is crucial for companies looking to optimize expenses.

Modern Class A office projects, although not typical for emerging office markets, are playing an increasingly significant role among under-construction and planned projects. Numerous developers opt to invest in such facilities despite competition from lower-standard buildings classified as Class B and C. This group of office markets is highly diverse—altogether, in nine cities, the existing office space is comparable to the size of the market in Poznań or Katowice. Established office locations such as Bydgoszcz, Opole,

and Rzeszów have long attracted investors. However, developing markets such as Białystok, Radom, and Tarnów are increasingly gaining in importance.

The office projects in planning or construction stages require securing through pre-lease agreements or engagement from interested tenants to commence implementation. Therefore, it is crucial to offer a well-considered proposal to potential tenants in order to attract them to these new office spaces. A favorable economic climate conducive to investment further motivates entrepreneurs and investors to engage in developing office markets. Local tenants increasingly demand larger and better office space, which, combined with an improving economic climate, attracts new investors to the city and increases demand for modern offices. Companies are increasingly seeking spaces that meet modern standards and functionalities. As a result, developing office markets must respond to rising expectations and tailor their offerings to the needs of local tenants.



TABLE 3.1

## DEVELOPING OFFICE LOCATIONS IN POLAND

	Białystok	Bydgoszcz	Kielce	Olsztyn	Opole	Radom	Rzeszów	Tarnów	Toruń
Total stock (m <sup>2</sup> )	71,600	153,000	73,500	69,000	70,000	51,000	122,000	19,500	90,000
Vacancy rate (%)	7%	18%	6%	7%	7%	7%	5%	9%	5%
New completions 2024 (m <sup>2</sup> )	6,100	9,300	0	0	0	0	6,100	0	3,000
Under construction (m <sup>2</sup> )	0	0	4,500	0	4,400	0	15,600	0	3,800
Asking rents (EUR m <sup>2</sup> / month)	10.00-14.00	10.00-15.00	8.00-13.00	8.00-14.00	7.00-14.00	7.00-13.00	9.00-16.00	7.00-11.00	7.00-14.00

Source: Colliers

# HYBRID MODEL AND ESG ARE CHANGING THE OFFICE MARKET

## Anna Galicka-Bieda

Partner, Colliers Regional Director in Kraków

Demand for modern space in the office market in Poland remains high. Last year's figures nationwide show that, compared to 2022, there was no significant decline in tenant activity, and demand was only five percent less than in 2019, which was a record year. This was despite a marked trend which impacted the office sector: changes in the work environment driven by adopting hybrid work models.

According to our 2023 study 'Hybrid and Beyond 2.0', up to 92% of organizations have already implemented this model. In deciding to take this step, some companies have opted to adapt their spaces to the new realities, rearranging them for a

more social office function while optimizing square footage. Today, many tenants can already assess how their organization is adapting to these changes, identifying what has been successful and what needs improvement, including in terms of their office space.

What was demand for modern space regarding transaction types like in 2023? The big increase in the overall demand structure compared to previous years was in renegotiations, which amounted to as much as 42 percent of all contracts. However, new contracts and relocations continued to account for the largest percentage with 49%.

## A CONVENIENT MOMENT FOR CHANGE

The best time to take a fresh look at your office space and plan for it to meet your future business needs is at the end of your lease. Discussions with the landlord and a simultaneous review of the market often start much earlier. The first option is to renegotiate the lease and rearrange the space, which sometimes is combined with a reduction in square footage. The second option is to relocate to a new office that suits the current needs and challenges of the business, which is occasionally combined with a reduction in the space required.

The increasing awareness of companies regarding sustainability, EU-imposed legal regulations, and rising energy costs have led to a rising demand for eco-friendly solutions. This helps companies save costs and reduce their environmental footprint. As a result, landlords of buildings that do not meet these expectations and who want to ensure that their property is competitive in the eyes of tenants need to consider undertaking retrofit work and integrating ESG issues into their rental strategy.

## ACTIVITY ON THE OFFICE MARKET

In 2023, developer activity in the office market declined. Up to this point, supply growth had remained around 0.5 million m<sup>2</sup> year on year; however, last year, only 190,000 m<sup>2</sup> of the capital.

However, it is worth noting that there are 585,000 m<sup>2</sup> under construction in the largest regional cities and the capital, with a planned completion date of 2024 and 2025. Demand for modern office space in relation to declining developer activity in the office market may mean a long-term supply gap in the market, which in turn, may contribute to greater absorption of existing supply. That having been said, the large choice of space in modern office buildings, Poland's macroeconomic situation, positive economic prospects, and access to qualified staff make Poland an attractive business location for foreign investors.





# ESG PERSPECTIVE

## Andrzej Gutowski

Director of ESG at Colliers for the Central and Eastern European region

The past year has been significantly influenced by ESG (Environmental, Social, and Governance) topics, with upcoming reporting requirements emerging as key market trends. Large, listed companies will already be obliged to publish ESG reports under the CSRD for the current year. Reporting requirements have increased significantly. Chartered accountants will audit reports, and companies will be penalized for non-compliance. In the coming years, the directive will apply to an increasing number of companies, aiming for 50,000 companies across the European Union. Next year's data will have to be reported by large, non-listed companies in 2026.

## EXPERTS SOUGHT

Companies must conduct a dual materiality assessment. This involves identifying relevant topics and environmental and social categories. Required disclosure indicators, based on these findings, will be determined. This process must be carried out with due diligence. It also requires a stakeholder survey, which is complex and time-consuming, so it is a mistake to delay its conducting until the last minute. Due to the complexity of the process and the depth required to analyze an organization's structure or business model, companies are actively seeking technological solutions and ESG specialists to assist them in developing appropriate procedures for data collection and document management. This applies not only to companies already subject to reporting requirements but also to those preparing for it.

## NO MORE GREENWASHING

Reporting, however, is just the tip of the iceberg, reflecting a company's relationships regarding environmental and social aspects. This includes how a company impacts these issues and how upcoming environmental and social changes might affect the organization's financial performance. However, in light of these disclosures, companies need to look at their business processes and models, their supply chains, and their relationships with suppliers, customers, and employees. The EU's Green Deal program is leading to the recognition of real financial risks and previously overlooked threats. Conversely, this transformation creates new business opportunities that well-prepared organizations can leverage to enhance their competitive advantage.

The Green Claims Directive, published by the Council of the European Union in March 2023 (voted on by the European Parliament in January), is another regulation that increases the importance of sustainability practices. It aims to reduce greenwashing, which involves companies misleadingly communicating environmental issues. A European Commission study found that as many as 53% of companies' statements and declarations are unclear or unsubstantiated. 40% were assessed as unjustified. From March this year, phrases such as 'environmentally friendly' or 'climate neutral' must be supported by evidence, certification, and information recognized by public authorities. Non-compliance will expose companies to severe

penalties ranging from confiscation of revenues to exclusion from public procurement or funding, which can significantly impact their operations and reputation.

The need for disclosure and the tightening of regulations on environmental communication means that the burden on companies' environmental and social relations is increasing significantly. Although many of the regulations from the forthcoming legislation have yet to be implemented into national law (e.g., Recast Energy Performance of Buildings Directive – EPBD, which sets out new guidelines for an energy

efficiency standard for buildings and their zero-carbon performance from 2030, adopted by the European Parliament in March 2024), changes in companies' approach to ESG issues are only a matter of time. 2024 is a European Union election year. Depending on the outcome, the ESG transformation may gain or lose momentum, but the direction already taken seems irreversible. Following 2023, a year marked by companies preparing and acquiring knowledge and competence, 2024 is anticipated to be a period of tangible action, encompassing strategic ESG approaches and reporting enhancements.

# SMART BUILDING SOLUTIONS – THE BASIS FOR ENERGY-EFFICIENT AND SUSTAINABLE OFFICE BUILDINGS

**Łukasz Ciesielski**

Smart Building Consultant at Colliers

In recent months, intense discussions have been held on ESG and sustainability. Some tenants, developers, and property owners took advantage of this time to prepare voluntarily non-financial reports, calculate carbon footprint, and obtain SmartScore and WiredScore technology certifications for properties). These efforts helped them stand out and gain a competitive edge in the market.

In 2024, non-financial reporting ceased to be voluntary for some companies. It will firstly cover large, listed organizations, and in subsequent years, the requirement will be extended to smaller companies (with a target of 50,000 organizations in the EU). This has led to increased inquiries

to building managers for the data needed to report the carbon footprint generated by occupied office space. Property owners also face legal requirements imposed by the European Union to increase buildings' energy efficiency and reduce CO<sub>2</sub> emissions. Meeting all these obligations will be impossible without technology, both in acquiring the necessary data and equipping buildings with smart solutions.

## RENOVATION WAVE

It only takes seven years for a building to be considered old and technologically aging. Such buildings often lack digital energy, water, and heat meters. These systems intelligently manage temperature and lighting



based on occupancy or weather forecast data, waste production monitoring, and air quality sensors. For such buildings to compete with new ones and (soon) comply with energy efficiency guidelines while providing data to their tenants, they will need to undergo renovation. The EU is, therefore, at the beginning of a wave of renovations (in Poland, as many as 70% of buildings are energy-inefficient). We already have the first examples of buildings whose owners have invested in developing technology for ESG: Q22 and Saski Crescent in Warsaw, certified by SmartScore and WiredScore.

### INTERNAL ENVIRONMENTAL QUALITY MONITORING

Reducing energy consumption, such as cooling or heating, can compromise indoor air quality. Therefore, continuous monitoring becomes crucial, particularly

regarding the social component within ESG. Fortunately, technological advancements, including modern wireless technologies like LoRaWAN and NB-IoT, now enable even more accurate monitoring and analyses of building occupancy data. These technologies make it possible to collect and transmit data from various sensors with minimal energy consumption, which is crucial for efficient building management. Monitoring extends beyond basic parameters such as temperature, humidity, or CO<sub>2</sub> concentration to include carbon monoxide, free hydrocarbon compounds (VOCs), as well as PM2.5 and PM10 particulate matter, a specific problem in Poland's largest cities. At the same time, the same sensors allow for the monitoring of natural light penetration and noise levels. Comprehensive analysis of these parameters directly impacts the well-being of employees and enables necessary adjustments to building management.



## BUILDING ENVIRONMENT INTERACTION AND ANALYSIS

One of the key aspects of intelligent buildings is enabling users to interact with data with regard to the working environment. Modern monitoring systems now allow for collecting user feedback and evaluations, which is essential for analyzing the building environment and enhancing operational efficiency. In this way, managers are not only able to monitor the condition of a building but also tailor it to the individual needs and preferences of tenants.

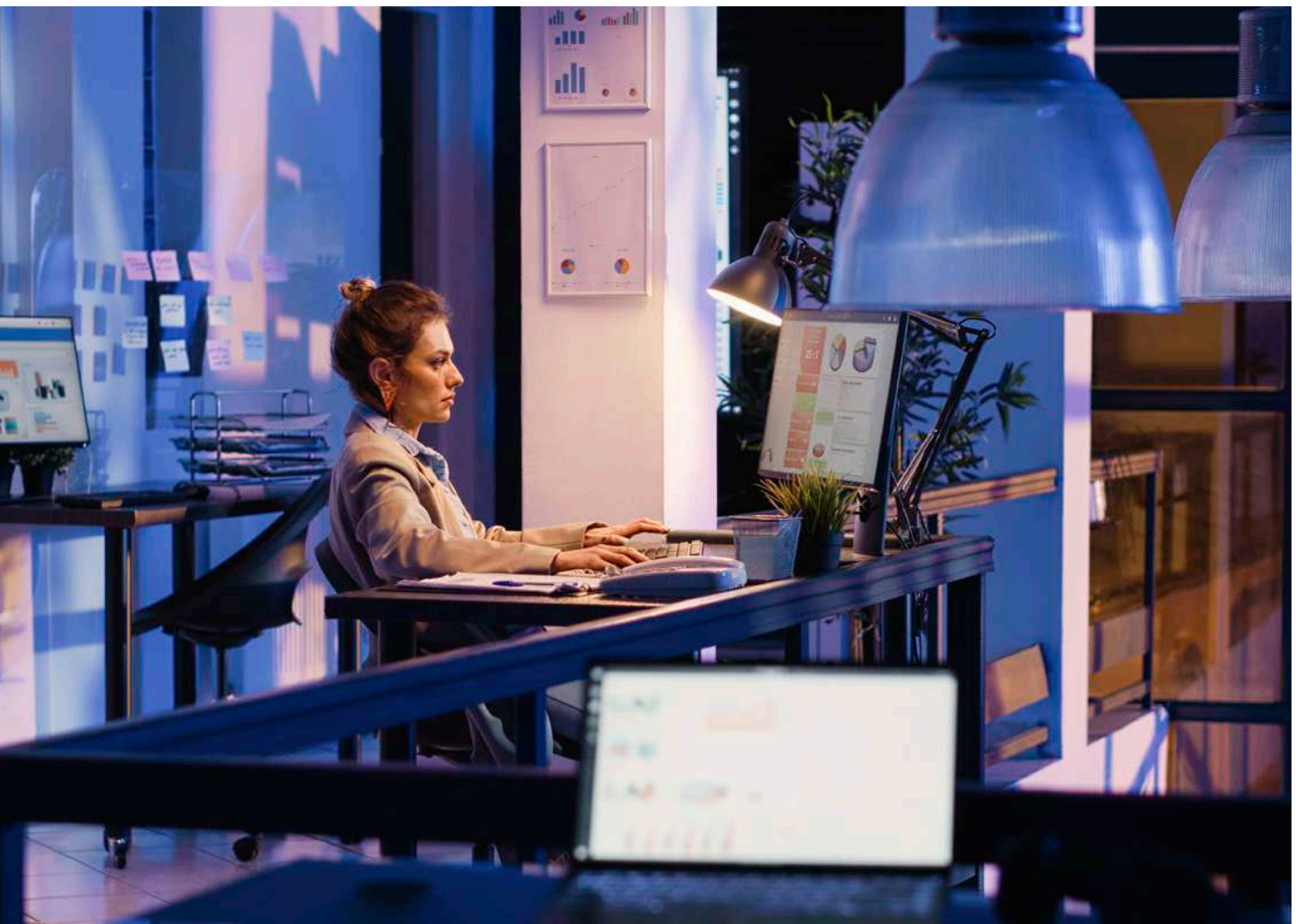
## MANAGEMENT AND PREDICTIVE MAINTENANCE

Modern buildings require advanced technical management tools. Digital-twin models (a physical 3D representation of the building with its entire

infrastructure) allow constant access to the history and predicted operational efficiency of a building. These technologies make it possible not only to monitor the technical condition on an ongoing basis but also to predict potential faults and prevent failures (predictive maintenance), which significantly affects the efficiency of property management.

## SMART FUTURE

Implementing smart building technology is necessary in both new and older buildings. With smart solutions, it is possible to balance sustainability, operational efficiency, occupant comfort, and health. In an era where environmental and social responsibility is becoming a priority, smart building technologies are the basis for building the attractiveness of any office property.



# ENERGY TRANSITION IN POLAND

## Dariusz Chrzanowski

Director of Energy Advisory at Colliers

For two decades, coal has been the primary energy resource in Poland. Our accession to the European Union, the 20th anniversary of which we are celebrating this year, has led us to consistently develop renewable energy sources, with a primary focus on energy from wind farms. However, the pace of development was previously too slow. In fact, Poland was ranked 21st out of 28 member states with a Renewable Energy Sources (RES) share of less than 12% in electric power engineering, heating, and transportation (for power generation it was 13%) in 2015. Meanwhile, according to the Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources, by 2020 we were supposed to increase the share of energy from RES in the gross final energy consumption to 15%, and in transport to 10%.

A significant increase in the share of RES took place in the years 2015-2020, mainly due to the development of photovoltaic farm technology and the announcement of a support system for the development of micro-installations, mounted on the roofs of single-family homes. In addition, at the same time, the government curtailed the development of wind power, betting on the construction of photovoltaic farms, which resulted in an increase in the share of PV RES in Poland's power mix. As a result, the country reached its target for the share of RES in energy generation at the end of 2020.

## AMBITIOUS GOAL

A breakthrough year for the world and Europe turned out to be 2020. The COVID-19 pandemic and its consequences prompted the European Commission to come up with a new economic stimulus plan, part of which was the Fit for 55 package. On 10 December 2020, the European Council approved a binding and ambitious EU goal to reduce net domestic



greenhouse gas emissions by at least 55%, compared to 1990 levels, by 2030. It also called on the Council and Parliament to include a new target in the proposal for a European climate law and to rapidly adopt it (the EU had originally set a target of reducing greenhouse gas emissions by 40 percent relative to 1990).

The consequences of this package are being felt by all of us today. More incoming regulations are coming (e.g. the CSRD or EPBD) make it necessary for us as energy end users to utilize solutions and products that reduce CO<sub>2</sub> emissions in our operations.

### WHERE ARE WE TODAY?

Currently, about 70% of Poland's energy is generated from fossil fuels. There is optimism in the 2023 data when weather-dependent RES (wind and PV

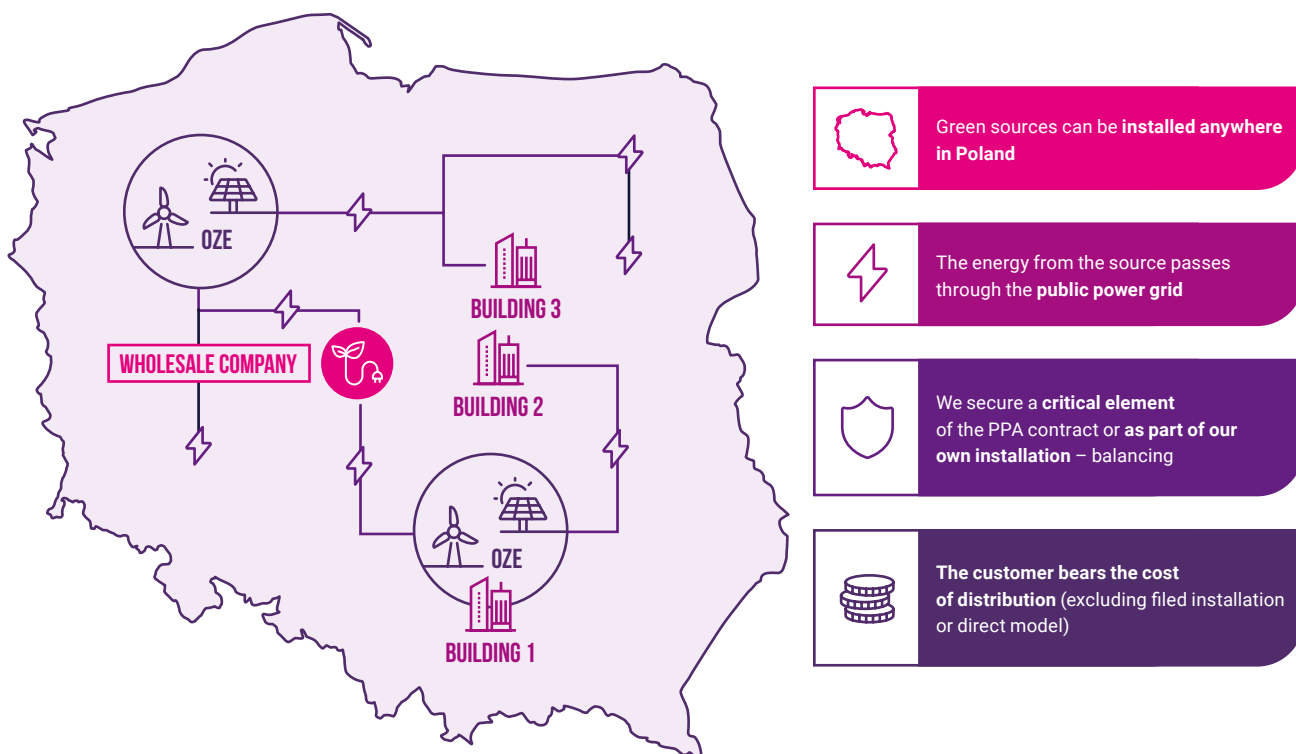
power) provided nearly 25% of the country's annual domestic electricity production for the first time. However, we are still well short of the goal set in Fit for 55, and there is not much time left.

One can, of course, deny the legitimacy of such a rapid pace of transition, but Russia's invasion of Ukraine has shown us how dependent Europe is on fossil fuels and what the consequences are. The outbreak of the war caused energy prices to soar to between PLN 3,000 and 4,000 / MWh, and almost all EU countries implemented shield mechanisms for market participants.

Energy transition is therefore important, because continuing to be dependent on fossil fuels will make it difficult to build the competitiveness of the European economy. Without changes, Europe will remain a price taker for natural resources.

**FIGURE 3.11**

GREEN ENERGY (PPA). HOW DOES IT WORK?





## PPA – A NATURAL SOLUTION

Observing the direction and inevitability of these changes, it is worth considering independence and utilizing green energy today. A solution is the Power Purchase Agreement (PPA), a bilateral contract with a renewable energy producer. It enables the reporting of the reduction in CO<sub>2</sub> emissions for the energy consumed in the building.

For tenants who are not a party to a power purchase agreement, it is possible to purchase power based on a virtual PPA framework. This is a relatively new and little-known tool in the Polish energy market – that is, a contract for price difference. In practice, this means that:

1. you are re-invoiced by the building owner,
2. you settle with the party via a virtual PPA, i.e. the producer who owns the source.

When the price in the contract with the producer is above the reference price, you pay the difference to the source owner, and when it is below, the source owner transfers the money to you. Consequently, you can optimize the cost of the energy purchased by the owner, which can generate savings, and will certainly contribute to reducing a company's carbon footprint.

# Sustainable office management

REPORT

## Green Guide

**ESG, wellbeing and cost-saving solutions for tenants**

Colliers



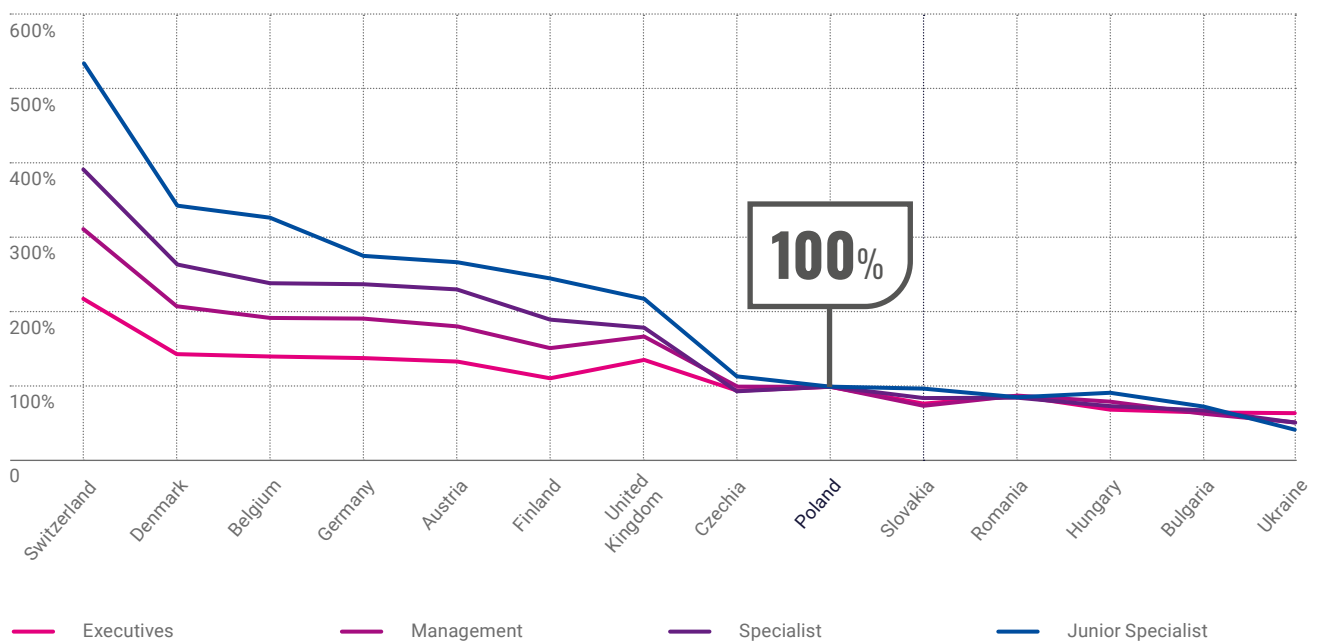
Download report

# 4 LABOR MARKET

## SALARIES AT BUSINESS SERVICES CENTERS

**FIGURE 4.1**

SALARIES IN POLAND ARE STILL COMPETITIVE IN COMPARISON TO WESTERN EUROPEAN COUNTRIES. PAY GAP IS SIGNIFICANT ESPECIALLY AT THE LOWER JOB LEVELS



Source: Mercer 2023 compensation surveys









Chapter content developed by: **Mercer Poland**

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**TABLE 4.1**

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

Job Level	Base Salary Mean	Base Salary Median	
	Senior Manager / Manager	<b>5,602</b>	<b>5,484</b>
	Team Leader	<b>3,401</b>	<b>3,361</b>
	Senior Specialist	<b>2,940</b>	<b>2,889</b>
	Junior Specialist	<b>1,671</b>	<b>1,605</b>
	Senior Manager / Manager	<b>4,017</b>	<b>3,818</b>
	Team Leader	<b>2,585</b>	<b>2,294</b>
	Senior Specialist	<b>2,325</b>	<b>2,181</b>
	Junior Specialist	<b>1,225</b>	<b>1,151</b>
	Senior Manager / Manager	<b>6,424</b>	<b>6,215</b>
	Team Leader	<b>3,998</b>	<b>3,770</b>
	Senior Specialist	<b>3,565</b>	<b>3,623</b>
	Junior Specialist	<b>1,943</b>	<b>1,906</b>
	Senior Manager / Manager	<b>5,293</b>	<b>5,289</b>
	Team Leader	<b>3,411</b>	<b>3,287</b>
	Senior Specialist	<b>2,516</b>	<b>2,432</b>
	Junior Specialist	<b>1,422</b>	<b>1,409</b>
	Senior Manager / Manager	<b>5,402</b>	<b>5,313</b>
	Team Leader	<b>3,132</b>	<b>3,065</b>
	Senior Specialist	<b>2,879</b>	<b>2,831</b>
	Junior Specialist	<b>1,567</b>	<b>1,556</b>
	Senior Manager / Manager	<b>4,614</b>	<b>4,387</b>
	Team Leader	<b>3,118</b>	<b>2,871</b>
	Senior Specialist	<b>2,938</b>	<b>2,827</b>
	Junior Specialist	<b>1,765</b>	<b>1,690</b>



Currency exchange rates

1 PLN = 0.2293 EUR

1 BGN = 0.5113 EUR

1 RON = 0.2010 EUR

1 HUF = 0.0026 EUR

1 CZK = 0.0405 EUR

Sources: Mercer 2023 Poland SSC Industry Survey, Mercer 2023 Bulgaria TRS Survey, Mercer 2023 Czechia SSC Survey, Mercer 2023 Hungary TRS Survey, Mercer 2023 Romania SSC Industry Survey, Mercer 2023 Estonia TRS Survey

Base salaries are significantly diversified across Europe. The salaries observed in Eastern Europe are still very competitive against those in Western European countries. In the example below, we have analyzed base salary of HR Business Partner (professional, typically with 5-7 years of experience) in capital cities of selected countries. Besides the differences in gross salaries, it is also interesting to see how those vary in terms of net salary and total employment cost

(TEC). HR Business Partner's earnings are higher in Czechia than in Poland, especially, in terms of net salary. The total employment cost in Poland is much lower, compared to Czechia, where the employer is required to contribute to the social security, on top of gross salary (34% of gross salary). Even though gross salary in Romania is quite in line with the Polish one, the net earnings are much lower, given high tax burden in Romania, which is more than 40% of gross salary.

**FIGURE 4.2**

COMPARISON OF ACTUAL MONTHLY GROSS AND NET BASE SALARIES IN SELECTED COUNTRIES IN EUROPE. WHAT IS THE TOTAL EMPLOYMENT COST?

Monthly base salary – HR Business Partner (5-7 years of experience), Capital Cities, Gross, Net salaries and Total Employment Cost (TEC)



Source: Mercer 2023 compensation surveys

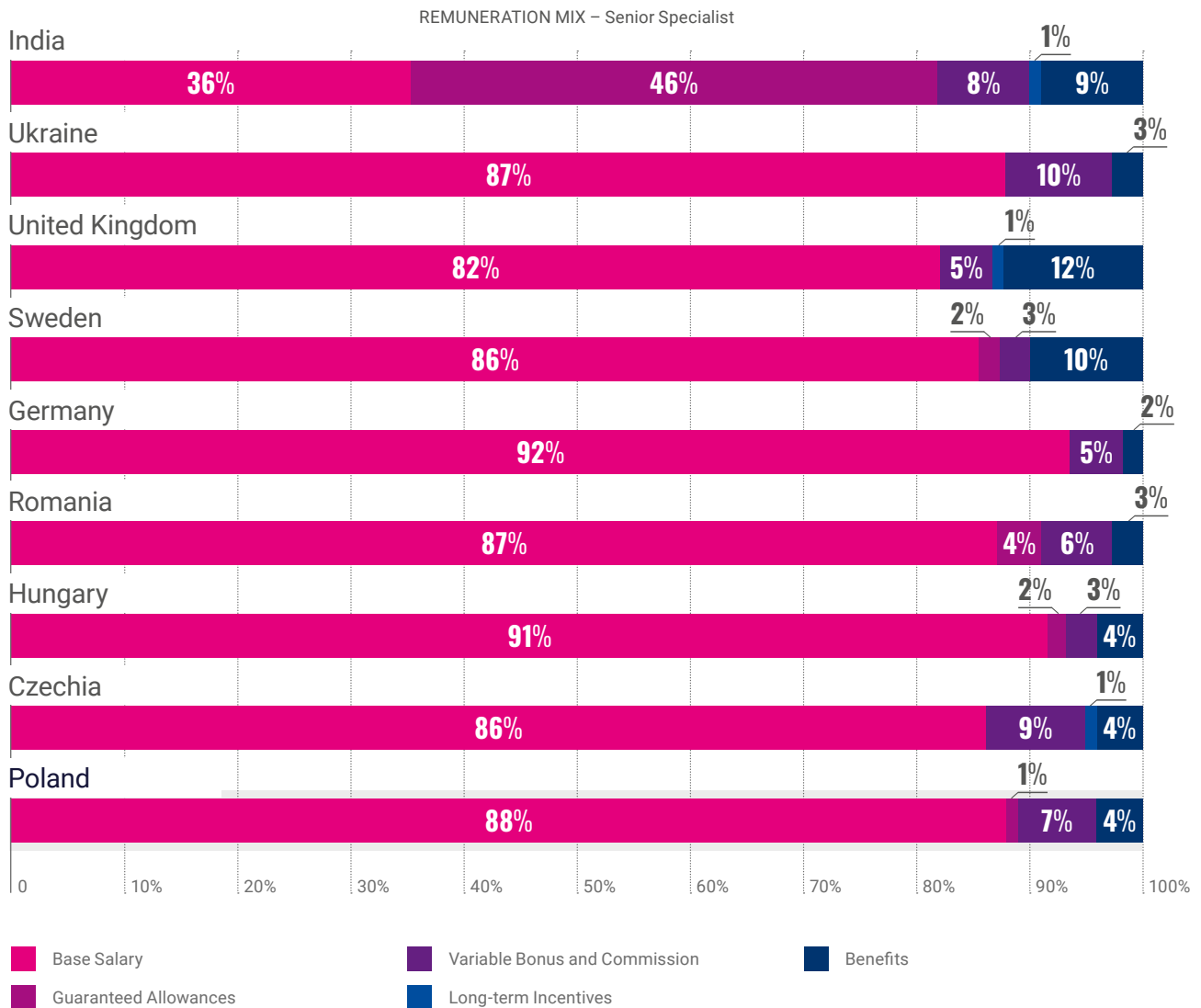


Working on your transition business case don't focus only on the base salaries. Guaranteed allowances, bonus and typical benefits levels vary in countries around the world. In India base salary typically

accounts only for 36% of senior specialist total remuneration. In Poland 7% of total remuneration is provided as a bonus and 4% is a benefits cost.

**FIGURE 4.3**

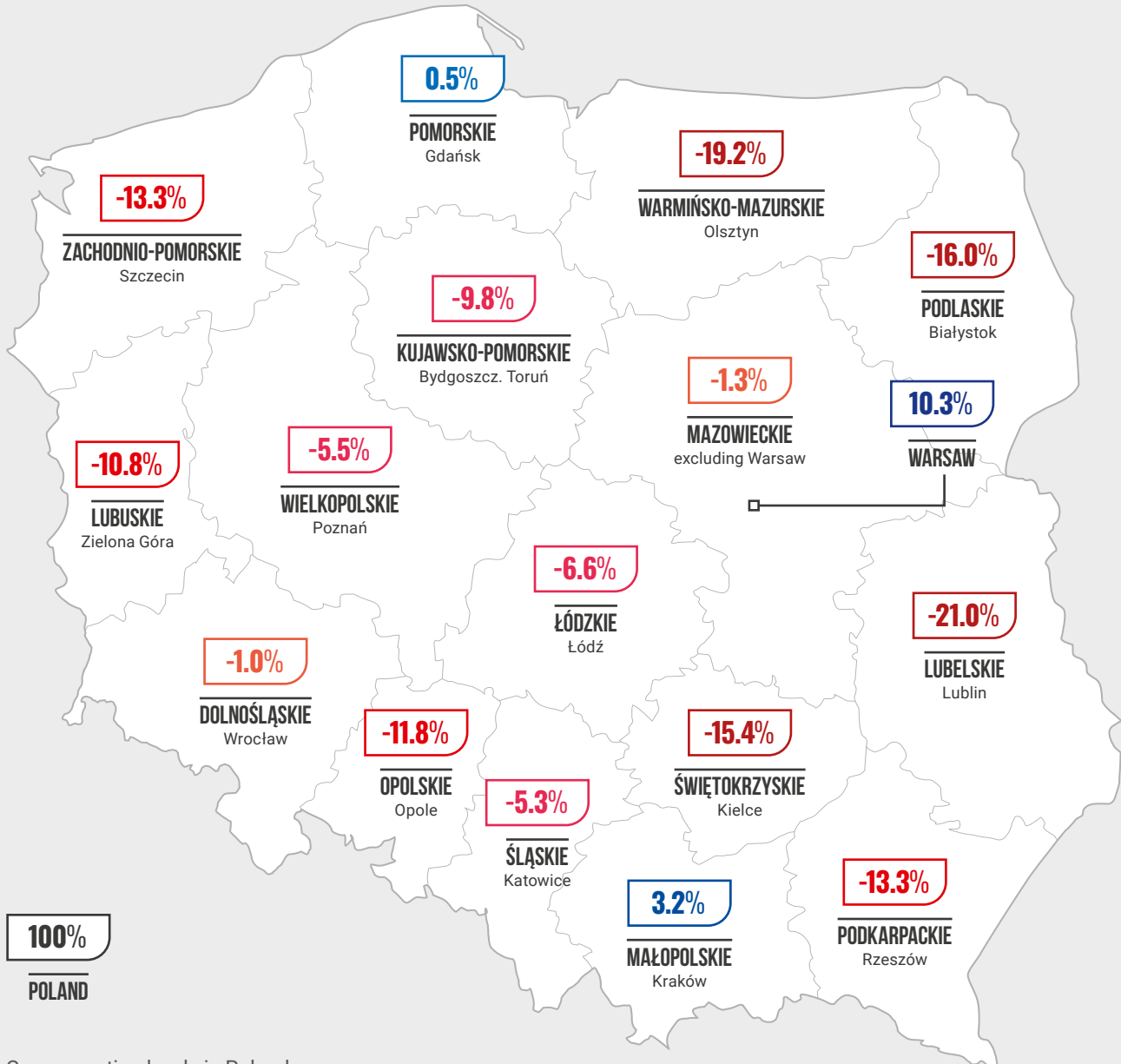
PERCENTAGE OF TOTAL REMUNERATION INTO BASE SALARY, GUARANTEED ALLOWANCES, VARIABLE CASH PAYMENTS, LONG-TERM INCENTIVES AND BENEFITS



Source: Mercer 2023 Remuneration Surveys

**FIGURE 4.4****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 2023.



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

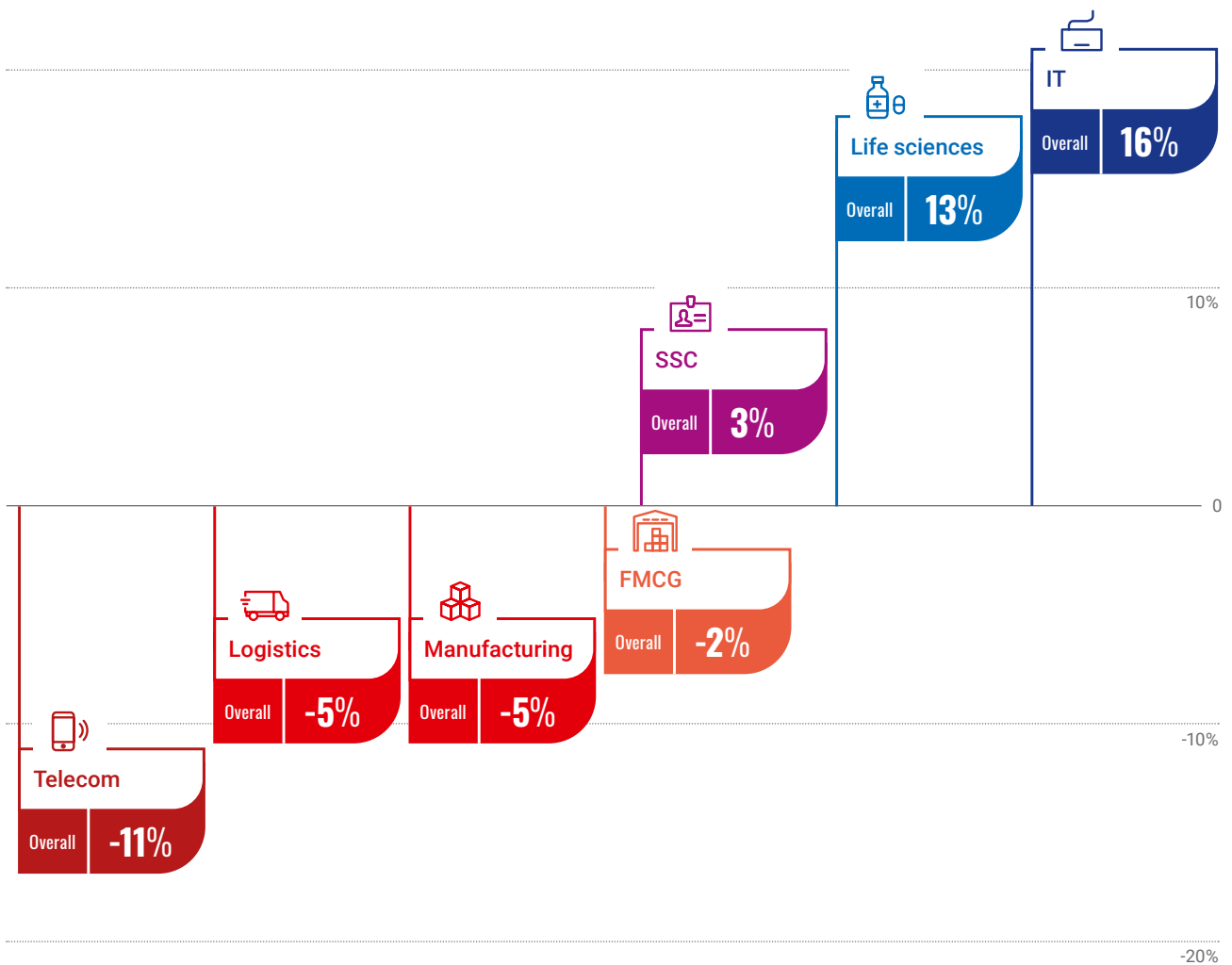
The sectors that have been the strongest and have consistently positioned themselves well above the market average in terms of compensation are primarily the IT sector, with a 16%, and the Life Sciences sector, with a 13% above the market.

On the other hand, sectors such as Manufacturing and Telecom, as in previous years, have reported earnings below market median. The Shared Services industry maintains a strong and stable position slightly above market value.

**FIGURE 4.5**

**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 2023

## Labor market

**TABLE 4.2****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 96,000 employees from 231 SSC organizations in Poland surveyed in 2023. Detailed cities compensation analysis was prepared based on the regional pay differences.

City	POLAND							
Region								
Monthly gross base salaries	Mean	Median						
Head of Center	10,763	9,999						
Manager	4,994	4,926						
Team Leader	3,586	3,462						
Senior Specialist	2,947	2,897						
Specialist	2,177	2,083						
Junior Specialist	1,595	1,548						

City	WARSAW		KRAKÓW		WROCŁAW	
Region	Warsaw		Małopolskie		Dolnośląskie	
Monthly gross base salaries	Mean	Median	Mean	Median	Mean	Median
Head of Center	11,872	11,029	11,105	10,317	10,660	9,904
Manager	5,508	5,434	5,152	5,083	4,946	4,879
Team Leader	3,955	3,818	3,700	3,572	3,552	3,429
Senior Specialist	3,250	3,196	3,040	2,989	2,919	2,870
Specialist	2,402	2,297	2,247	2,149	2,157	2,063
Junior Specialist	1,759	1,707	1,645	1,597	1,579	1,533

City	TRICITY		ŁÓDŹ		KATOWICE		POZNAŃ	
Region	Pomorskie		Łódzkie		Śląskie		Wielkopolskie	
Monthly gross base salaries	Mean	Median	Mean	Median	Mean	Median	Mean	Median
Head of Center	10,820	10,052	10,053	9,339	10,197	9,473	10,167	9,445
Manager	5,020	4,952	4,664	4,601	4,731	4,667	4,717	4,653
Team Leader	3,605	3,480	3,349	3,233	3,397	3,280	3,387	3,270
Senior Specialist	2,962	2,912	2,752	2,706	2,792	2,745	2,783	2,737
Specialist	2,189	2,094	2,034	1,945	2,063	1,973	2,057	1,967
Junior Specialist	1,603	1,556	1,489	1,446	1,511	1,466	1,506	1,462



Currency exchange rate

1 PLN = 0.23 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
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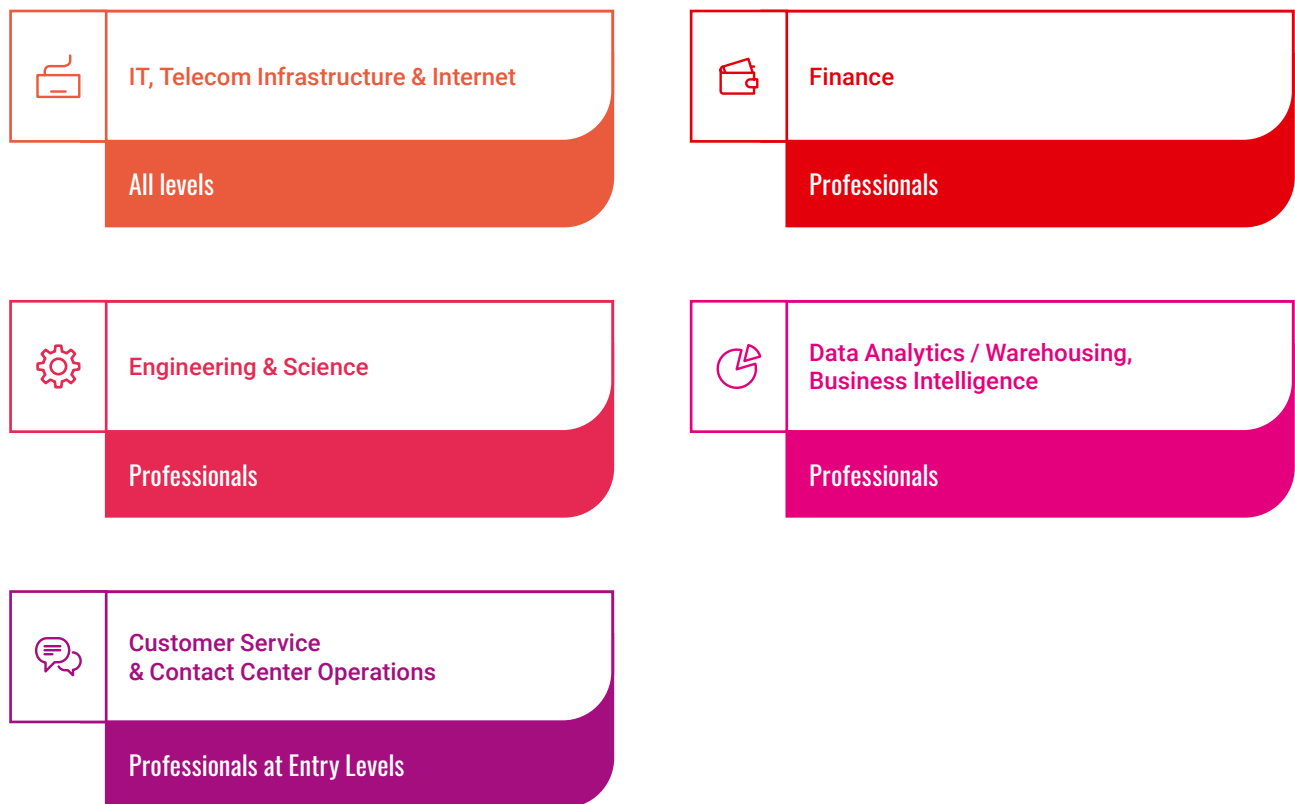
Specialist	2-4 years of experience
------------	-------------------------

Junior Specialist	up to 2 years of experience, entry level position
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More than a half (56.4%) of organizations in BPO / SSC / IT / R&D sector in Poland report they have difficulty in hiring or retaining talent in certain roles.

**FIGURE 4.6**  
HOT JOBS

Roles the most difficult to fill or retain in organizations in BPO / SSC / IT / R&D sector in Poland in 2023



Source: Mercer 2023 Poland SSC Survey

# PAY INCREASE IN SELECTED CATEGORIES OF SERVICES IN POLAND

**TABLE 4.3**

ACTUAL SALARY INCREASES AWARDED IN BPO / SSC / IT / R&D SECTOR IN POLAND IN 2023\*

The most common salary review dates in Poland are: March (30% of organizations surveyed) and February (23% of organizations surveyed). Individual performance is the most common criterion for a salary increase (96% of organizations surveyed).

	25th Percentile	Median	Average	75th Percentile
Overall Budget	7.6%	9.0%	9.4%	11.0%
Head of Center	6.7%	8.0%	8.1%	10.0%
Managers	7.5%	8.5%	9.0%	10.0%
Specialist	7.7%	9.0%	9.4%	11.0%
Junior Specialist	8.0%	9.0%	9.3%	10.1%

\* Based on all responses, not including zeros.

Source: Mercer 2023 Poland SSC Survey

**TABLE 4.4**

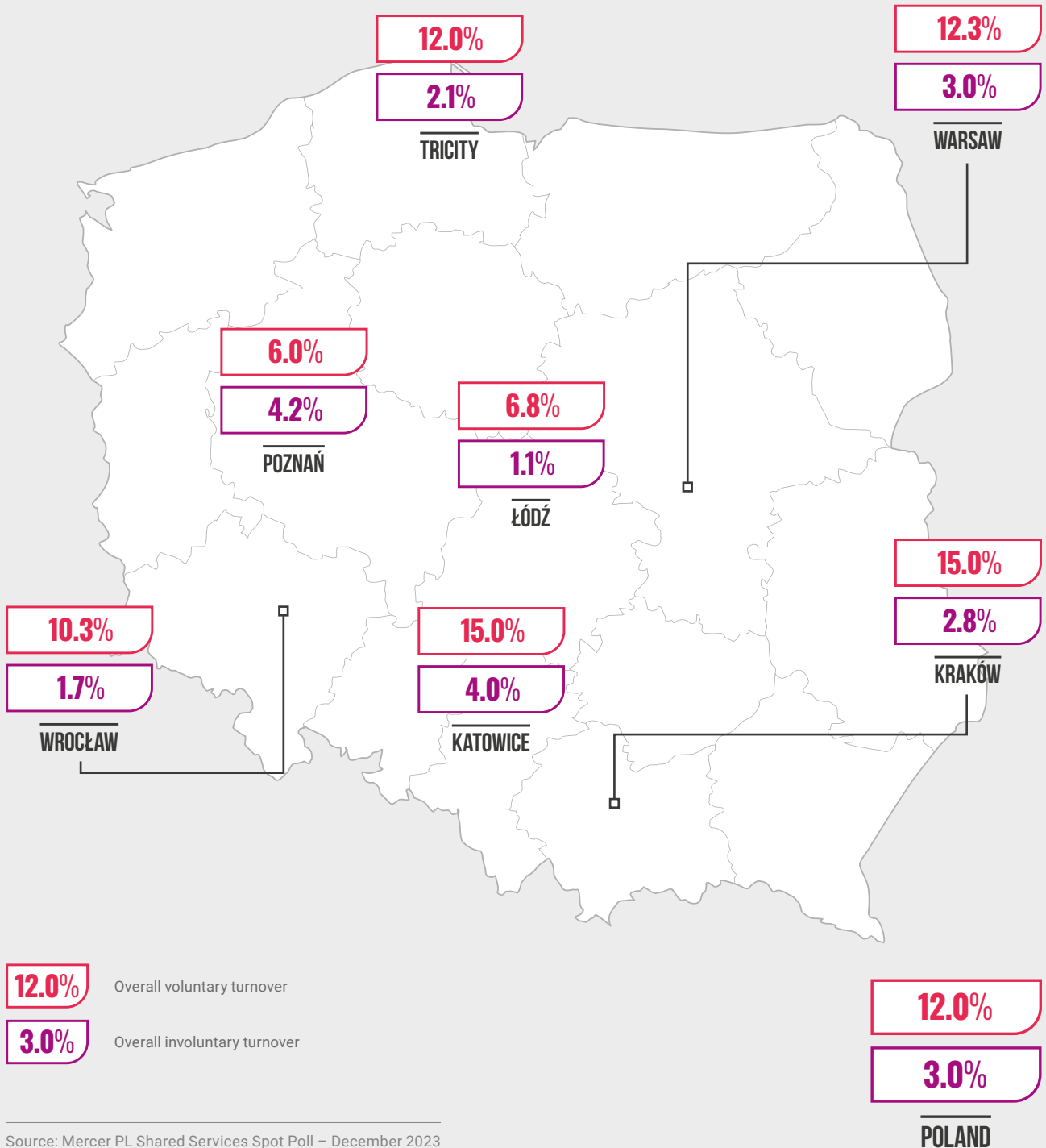
TYPICAL SALARY INCREASE WHEN PROMOTING TO HIGHER LEVEL

	25th Percentile	Median	Average	75th Percentile
Management	10.0%	15.7%	15.0%	20.0%
Team Leader	12.0%	16.4%	15.0%	20.0%
Specialist	12.0%	15.8%	15.0%	20.0%
Junior Specialist	12.0%	16.4%	15.0%	20.0%

Source: Mercer PL Shared Services Spot Poll – December 2023

**FIGURE 4.7**

TURNOVER IN BPO / SSC / IT / R&D SECTOR IN POLAND IN 2023 (MEDIAN)

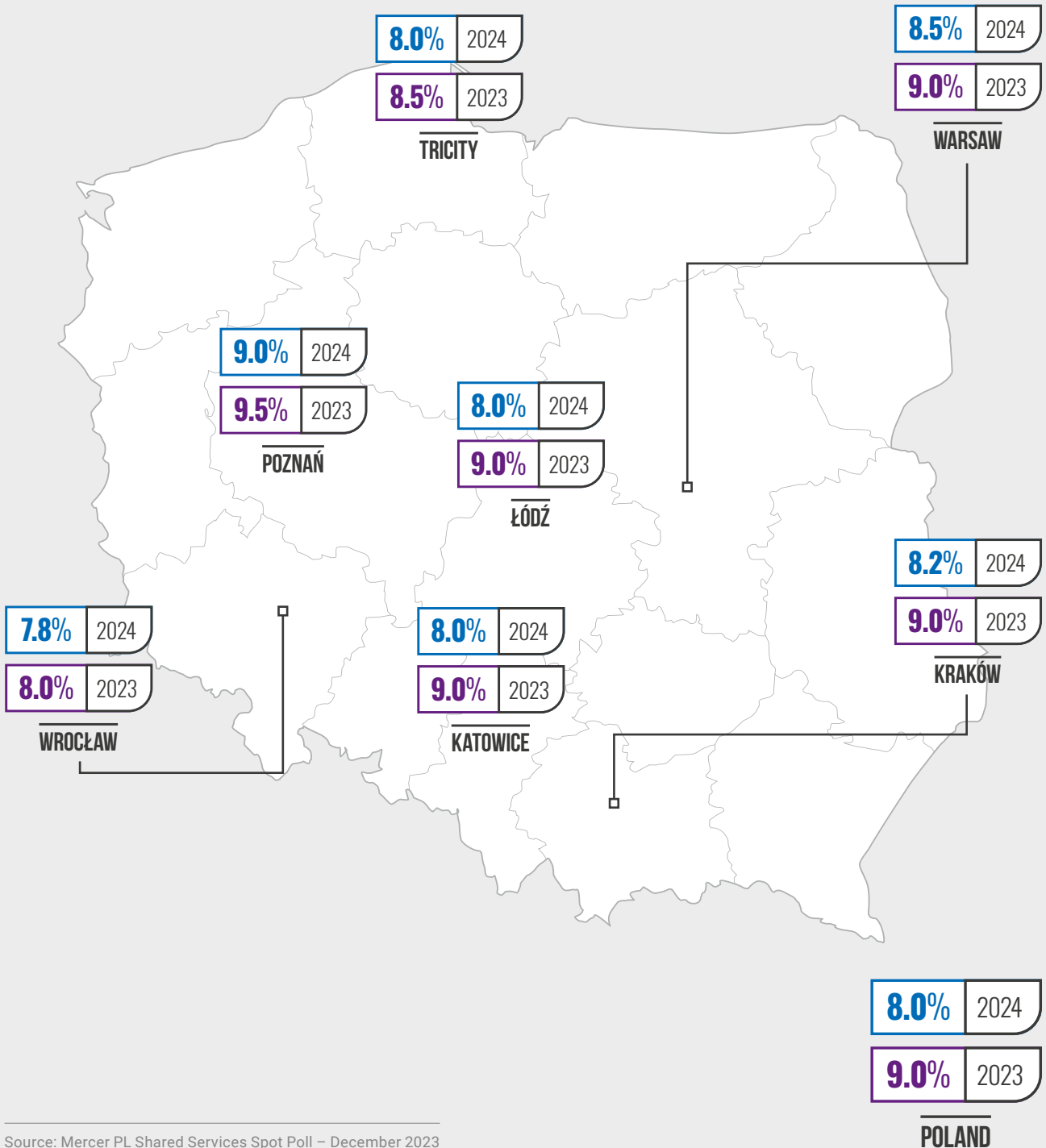


Source: Mercer PL Shared Services Spot Poll – December 2023



**FIGURE 4.8**

BUDGETED AND FORECASTED SALARY INCREASE IN BPO / SSC / IT / R&D SECTOR FOR 2023 AND 2024 BY REGIONS



Source: Mercer PL Shared Services Spot Poll – December 2023

# LANGUAGE BONUSES

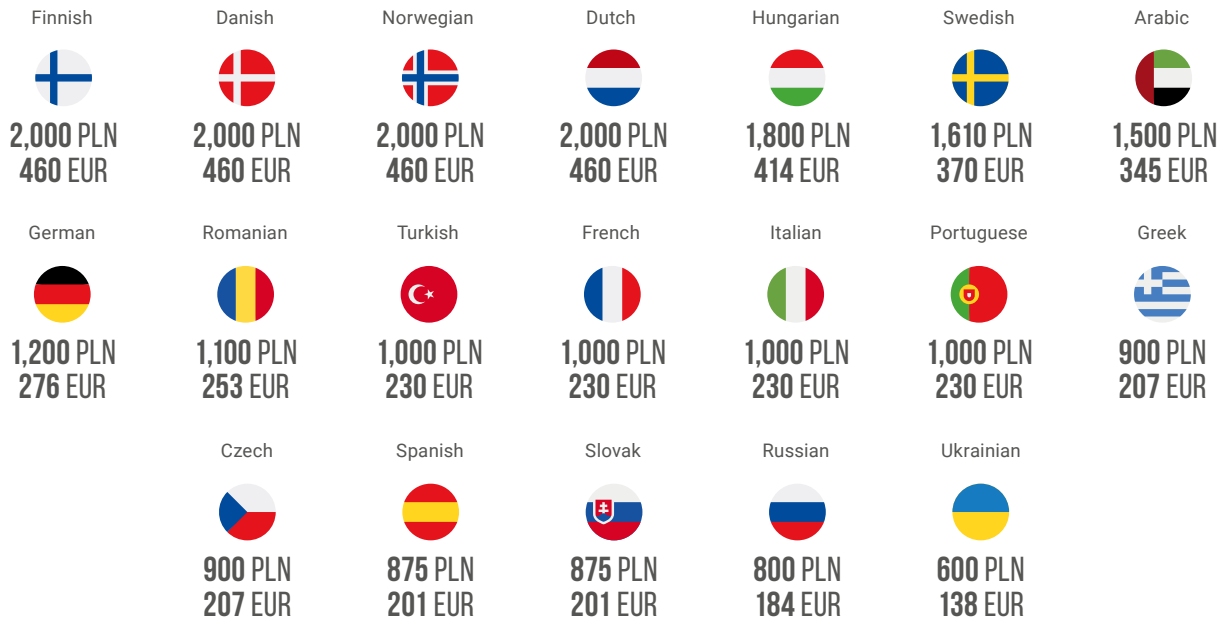
FIGURE 4.9

LANGUAGE ALLOWANCES



FIGURE 4.10

MONTHLY LANGUAGE ALLOWANCE DEPENDING ON THE FOREIGN LANGUAGE



Currency exchange rate  
1 PLN = 0.23 EUR

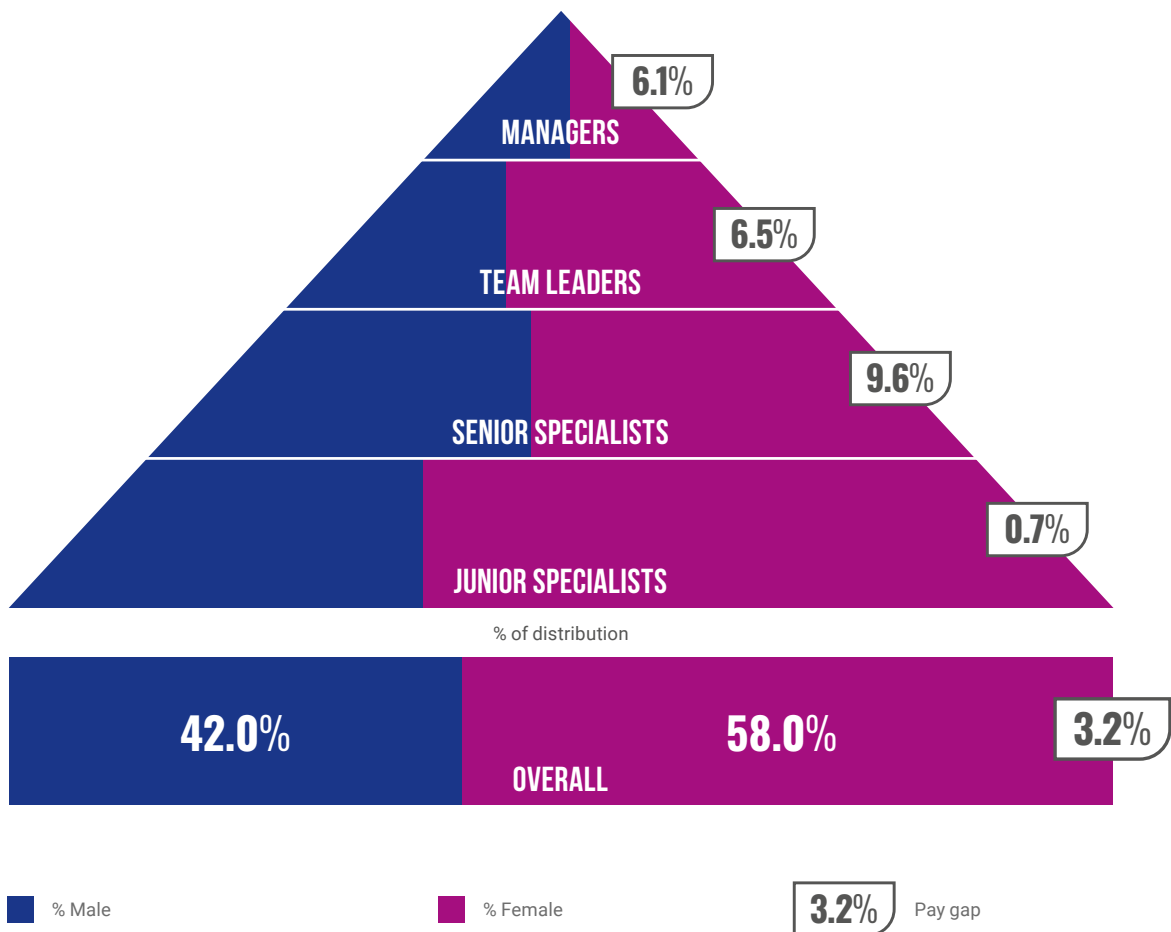
# DIVERSITY AND INCLUSION

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 almost 63% of positions, on a managerial level they occupy only 45% of role. While most

of the sector organizations are declaring that diversity and inclusion are part of their strategy, the average pay gap is 3.2%. Gender pay gap at entry level positions is only 0.7%, but among managers it is 6.1%.

**FIGURE 4.11**

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 70,000 employees employed in 196 organizations in the sector.

Source: Mercer 2023 Poland SSC Survey

# ROLE OF ARTIFICIAL INTELLIGENCE IN ORGANIZATIONS AND HR

With the continuous growth in the importance of artificial intelligence in organizations, expectations regarding its utilization and its impact on daily work are increasing. For managers, the most significant factor is the increase in productivity, with 2 out of 5 of them expecting double-digit growth. It is indicated that factors such as lack of time for conceptual thinking and analysis, excessive workload, and inefficient organizational structures have the strongest negative impact on productivity. Therefore, the potential for increasing productivity will depend on organization's ability to adapt to changes in operations and roles.

In daily work many companies are already using artificial intelligence, which speeds up processes and reduces workload. The three main areas in which AI strongly supports employers are: analysis of large amounts of data, improvement in the decision-making accuracy, innovation and new products development. As a result of these measures, companies are able to redirect their focus towards more strategic and innovative aspects of their business, thereby enhancing efficiency and competitiveness.

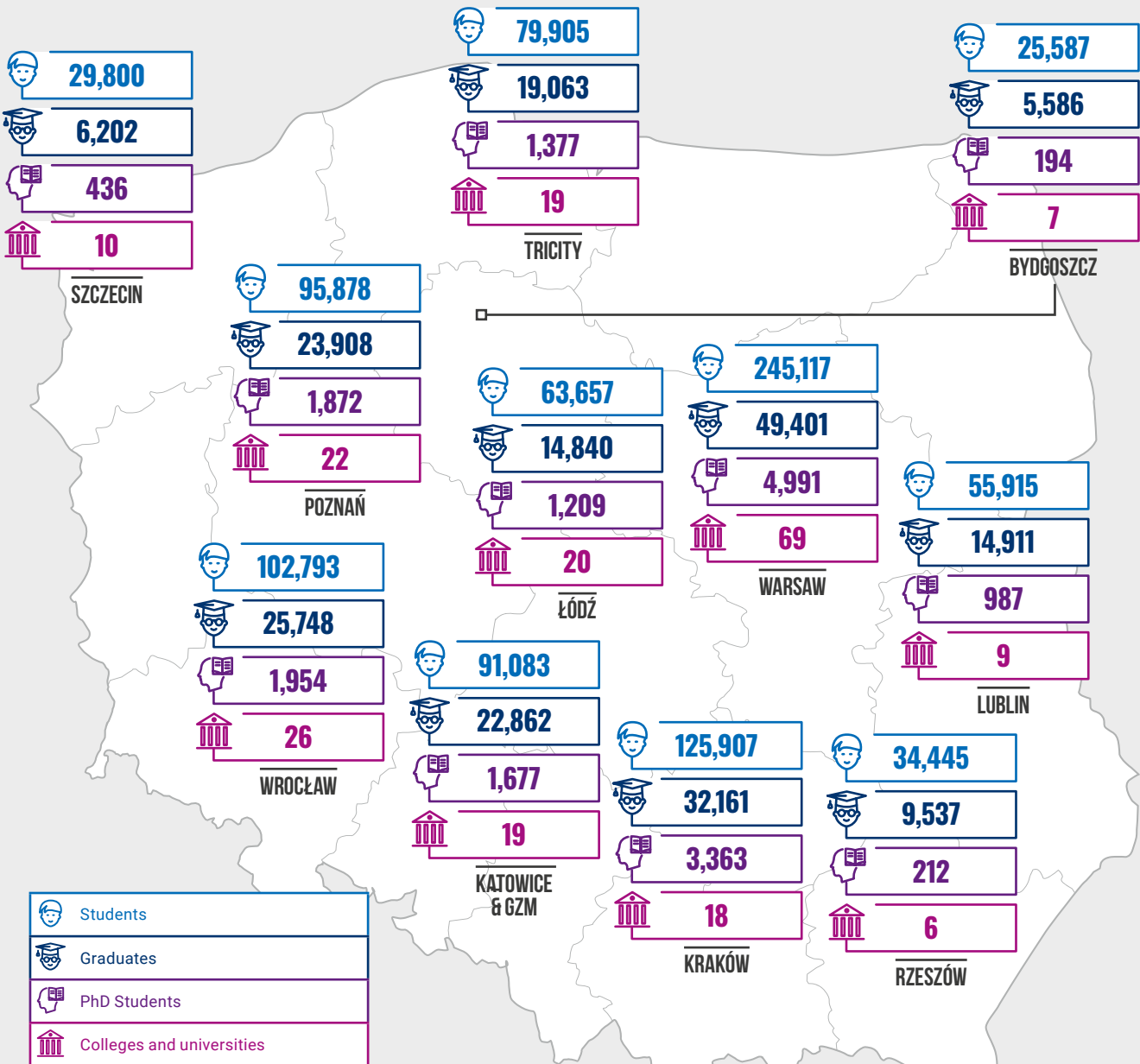
The introduction of artificial intelligence into the workplace has the potential to significantly change the way employees utilize their time. Currently, up to one-third of typical employee's time spent on repetitive tasks can be replaced by AI. By harnessing the power of artificial intelligence, work environments can achieve substantial time savings. The average employee in a company already utilizing AI can save up to 36 days per year, contributing not only to increased work efficiency but also opening up new avenues for employee development.

AI technologies and automation can enable the optimization of daily HR department work. Recent trends indicate that 11% of organizations have already introduced artificial intelligence into the employee acquisition process, and additional 21% plan to do so in 2024. In recruitment, artificial intelligence is most commonly used for scanning (reviewing and analyzing) submitted CV documents. This also includes interactions with bots and virtual assistants. One-third of companies use AI technology for candidate search, and an equal number of organizations utilize these solutions for recruitment tasks and video interviews.

# EDUCATIONAL POTENTIAL

FIGURE 4.12

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

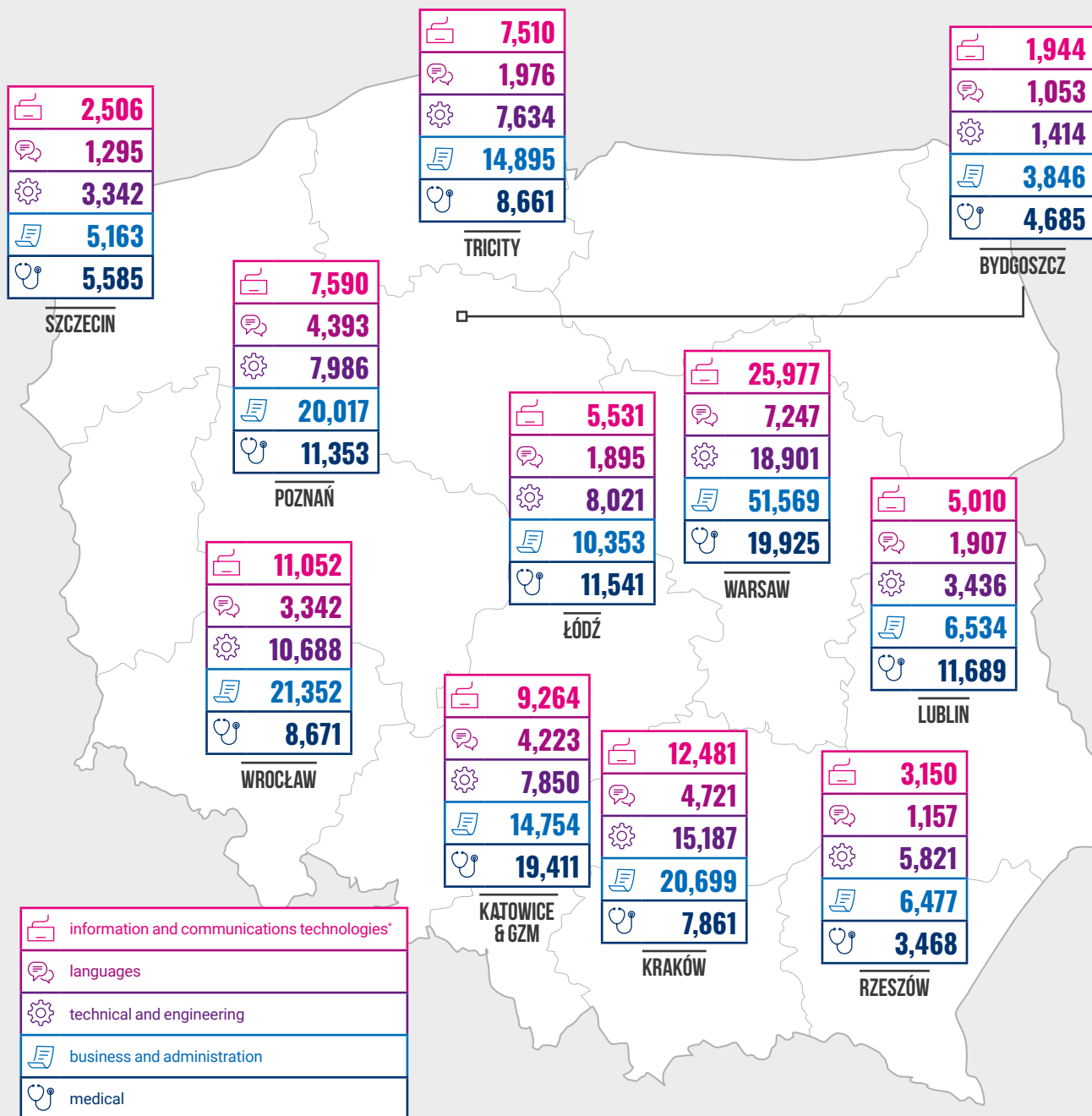


Note. The student and graduate numbers are based on the actual location of the unit (faculty). The college and university numbers are based on the address of the home institution in selected cities.

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

FIGURE 4.13

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



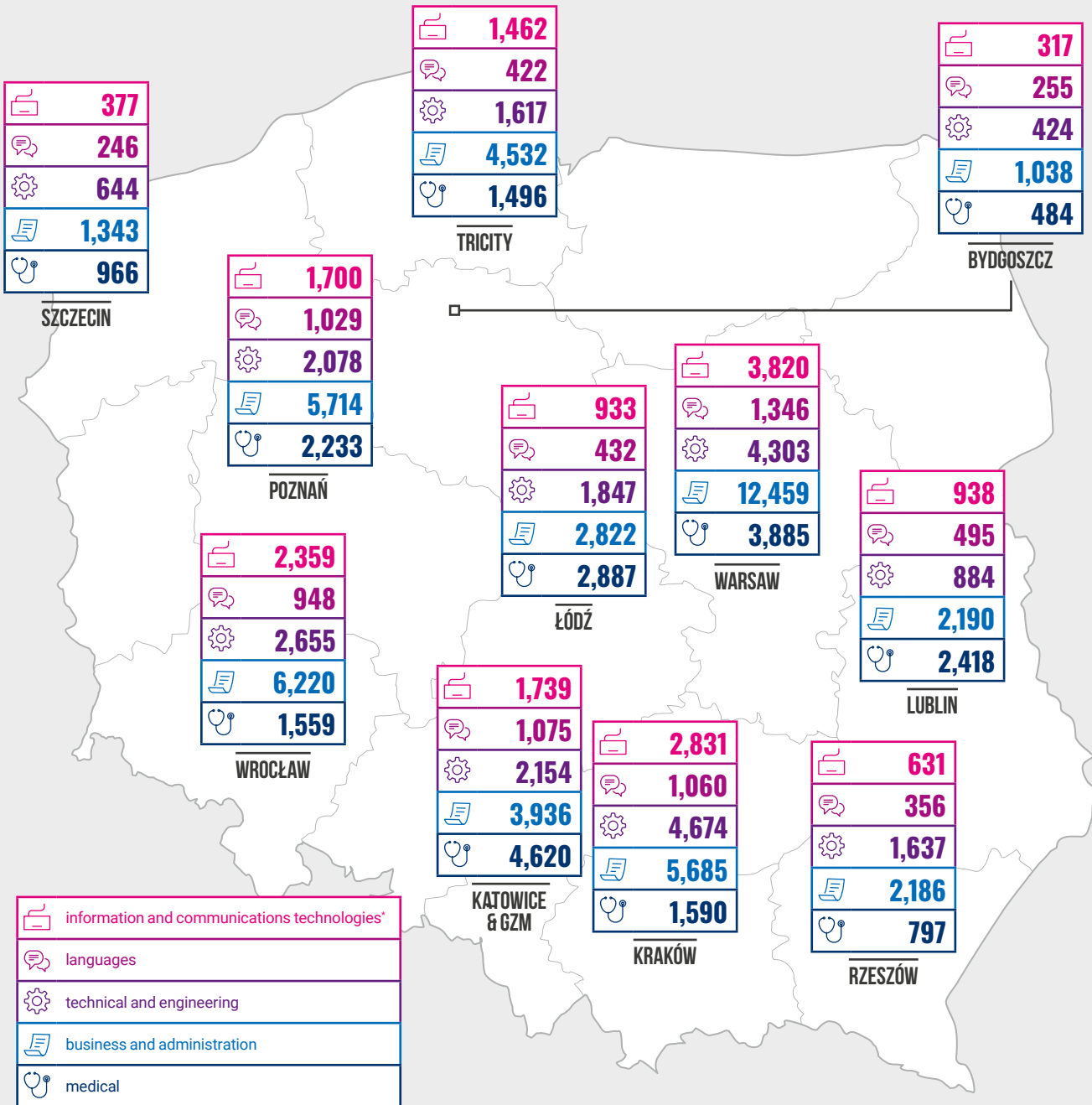
Note. The data is based on the actual location of the unit (faculty).

\* 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

**FIGURE 4.14**

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



Note. The data is 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



**TABLE 4.5**

## DOCTORAL SCHOOLS &amp; DOCTORAL PROGRAMS

Type of doctoral program	2019	2020	2021	2022	2023
Doctoral programs	<b>29,557</b>	<b>22,474</b>	<b>15,438</b>	<b>8,650</b>	<b>3,228</b>
Doctoral schools	<b>3,796</b>	<b>8,185</b>	<b>11,852</b>	<b>15,058</b>	<b>17,142</b>

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

**TABLE 4.6**

## FOREIGN STUDENTS BY COUNTRY OF ORIGIN

Country of origin	Number of students
 Ukraine	<b>45,126</b>
 Belarus	<b>12,335</b>
 Turkey	<b>4,385</b>
 Zimbabwe	<b>4,163</b>
 Azerbaijan	<b>3,188</b>
 India	<b>2,846</b>
 China	<b>1,938</b>
 Uzbekistan	<b>1,861</b>
 Kazakhstan	<b>1,635</b>
 Czechia	<b>1,446</b>

**TABLE 4.7**

## FOREIGN GRADUATES BY COUNTRY OF ORIGIN

Country of origin	Number of graduates
 Ukraine	<b>6,884</b>
 Belarus	<b>2,121</b>
 India	<b>514</b>
 Turkey	<b>499</b>
 Nigeria	<b>489</b>
 Czechia	<b>470</b>
 Azerbaijan	<b>466</b>
 Zimbabwe	<b>456</b>
 China	<b>405</b>
 Kazakhstan	<b>345</b>



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# PUTTING PEOPLE FIRST: THREE TALENT TRENDS FOR BUSINESS SERVICES COMPANIES IN POLAND

As the talent landscape continues to evolve, new changes and shifting demands have put greater pressure on employers in Poland. The modern business services sector is no exception.

According to the 2024 Randstad Enterprise Talent Trends research, which surveyed more than 1,000 C-suite and human capital leaders across all industries in 21 markets globally, 84% of employers in Poland reported that the skills gap would create greater challenges for their business in the near future, compared to 72% who said the same globally. Most respondents (88%) said increasing automation affected workforce planning and shifting the talent they needed in their organizations, while 65% felt that digital transformation was moving too fast. The percentage of participants who said that they could not keep up with the shifts was 9 points higher than the global average of 56%.

Beyond technological challenges, employers in Poland cited the major challenges they expected to face this year. The top three comprised the inability to attract qualified candidates (37%), increased burnout rates among their talent (29%), and difficulty maintaining recruitment efforts during a hiring increase (29%).

Between the growing influence of AI, increasing skills gaps and competition for qualified talent, and workers demanding more control of when and where they work, employers in the industry face an issue that is more complex than ever. How employers respond to these changing priorities and how they support their people will be the deciding factor in their ability to successfully grow their businesses.

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

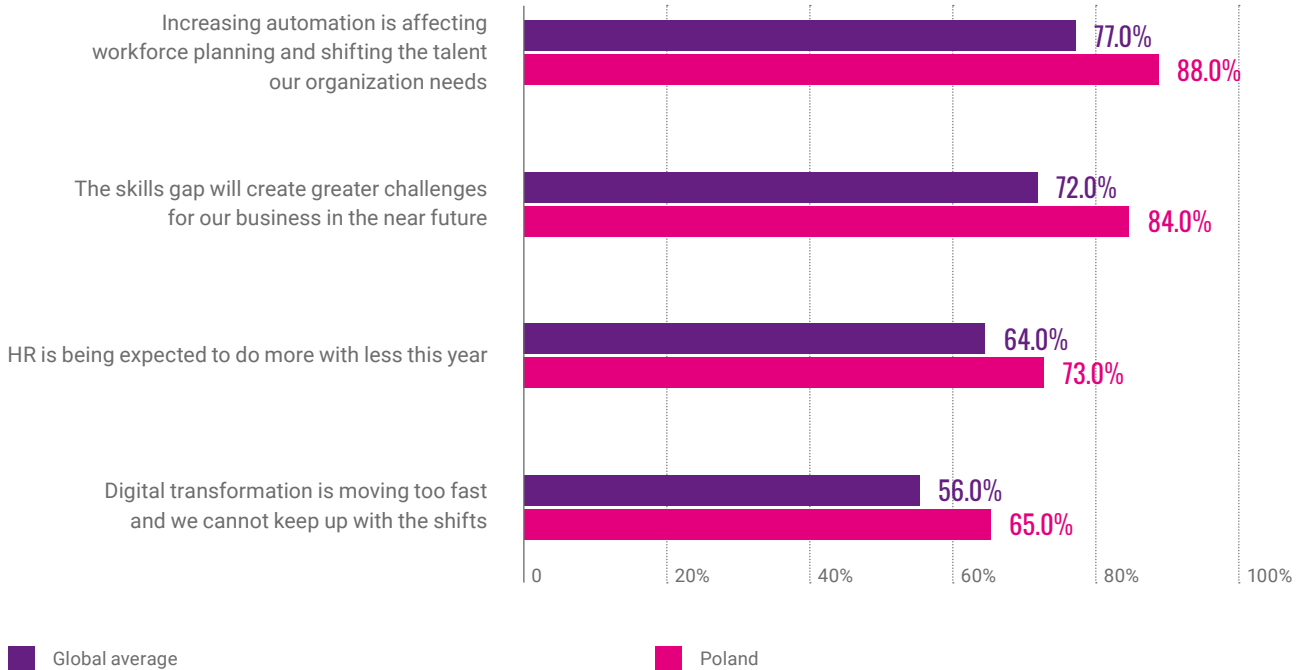
**Randstad Poland** is part of Randstad N.V. – the world’s largest talent company. We are a trusted business partner for both clients and employees, providing equal employment opportunities and guiding through dynamically changing work environment. Randstad supports organizations across industries who need specialized skills in building a high-class, diverse, and tailored workforce to achieve their operational & professional needs and growth ambition.

**Randstad Enterprise** is a global HR solutions leader supporting employers in building strategies for talent acquisition and human capital management. Our integrated talent solutions – talent acquisition (RPO, MSP, services procurement/SOW and talent BPO) delivered through Randstad Sourceright, and talent development and transition (talent mobility, career coaching and outplacement) delivered through Randstad RiseSmart – help companies build a skilled and agile workforce that moves their business forward.



FIGURE 4.15

TALENT CHALLENGES HUMAN CAPITAL LEADERS IN POLAND CURRENTLY FACE



Source: Randstad Enterprise 2024 Talent Trends research

## FOCUS ON TALENT IN A DYNAMIC LANDSCAPE

While the past few years have seen a great deal of economic volatility, the industry in Poland has remained largely stable. In fact, the sector is growing faster than the overall market. According to ABSL research, the number of jobs at centers grew by 3.8% in the last year, contributing to a 47% increase since 2019. There has also been a marginal increase in the industry's total employment share, increasing from 6.7% in 2023 to 7.0% in 2024.

This shows that, despite the threat of companies moving their centers to other markets, global businesses still see value in leveraging the Polish workforce. However, there are some emerging challenges facing the sector. For example, there has been a higher demand for specialized skills and a decreasing demand for entry-level support roles. Meanwhile, mid-office roles now make up more than half the industry (53%), meaning that – for the first time in ABSL history – back-office positions make

up less than 50% of all roles. At the same time, the use of automation is increasing rapidly, with a quarter of centers saying automation is above 30%, with 20% of respondents saying that they were already using AI in their IT, finance, and HR functions.

All of this means that centers have to adapt their people strategies to attract, retain, and empower their people at a time when the outlook for the sector

is mixed. Although 2023 was a strong year for the industry, with export performance up by more than 20%, growth is expected to stabilize this year. Overall, 66% of participants said that they planned to increase hiring in 2024, compared to 74% in 2023. More companies also reported plans to reduce employment – jumping from 3% in 2023 to nearly 8% this year.

## THREE WAYS TO PUT PEOPLE FIRST

Given this uncertainty, it's more important than ever for centers to focus on retaining their people, to give them the tools to continuously learn and grow in their jobs, and to provide the flexibility that talent increasingly demands. So, what's the best path

forward for business services centers in Poland? The 2024 Randstad Enterprise Talent Trends research reveals key strategies that companies can leverage to incorporate AI, elevate the skills of their people, and build effective hybrid work cultures.

### TREND #1: AI REDEFINES THE WAY WORK GETS DONE

While AI has long promised to transform the world of work, this vision is now becoming a reality as more companies integrate AI to increase productivity. According to the Talent Trends research, C-suite and talent leaders in Poland cited three major gains as top benefits from AI implementation: the ability to automate workflows (24%), the ability to identify employees for promotions (24%), and greater efficiencies and consistency in their processes (22%).

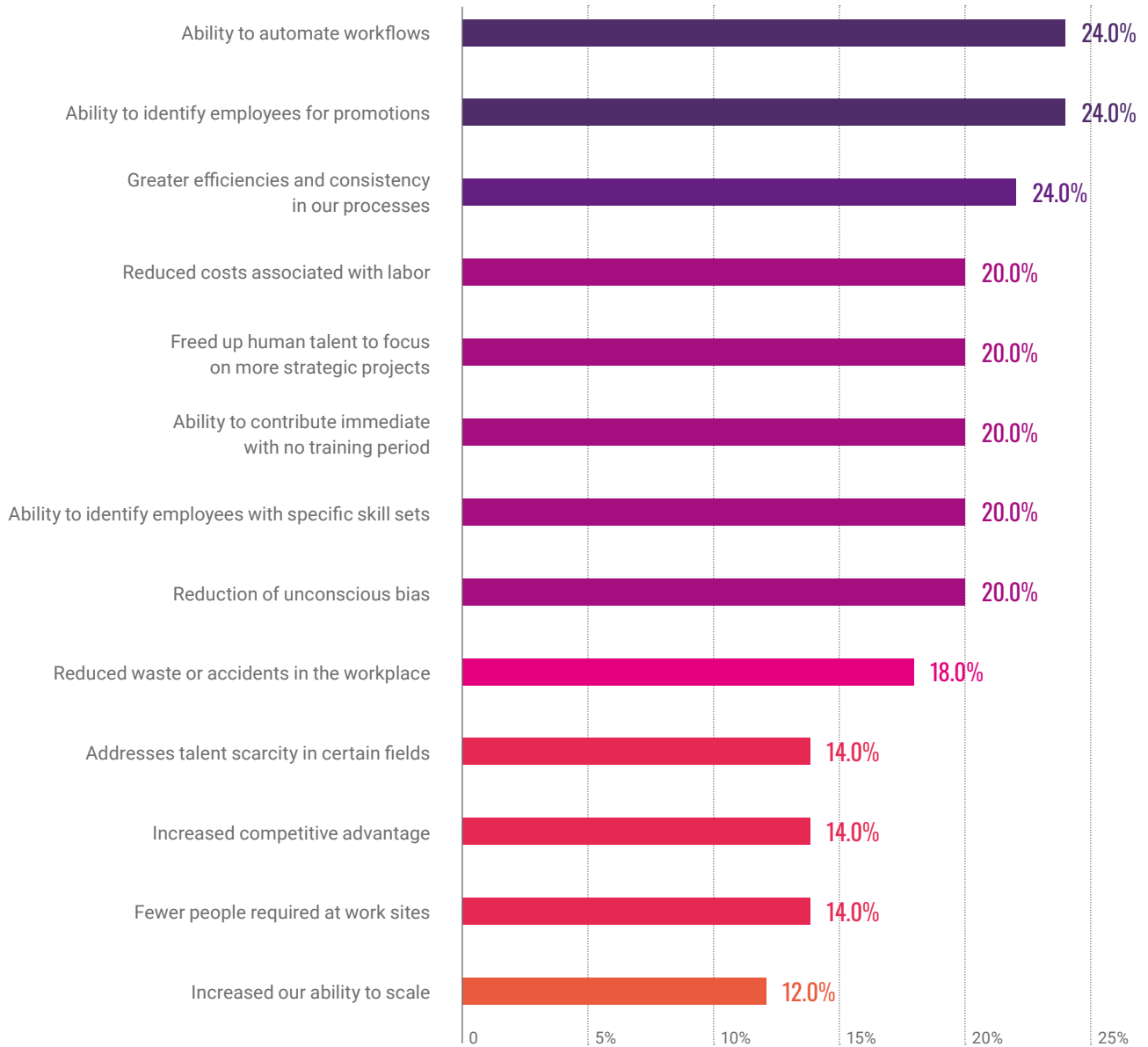
Despite the many advantages, leaders are concerned about the growing use of AI. The 2024 Randstad Enterprise Talent Trends research found the greatest areas of concern among leaders in Poland included the forced redeployment of talented workers (31%), over-reliance on automation (24%), and the risk of amplifying bias or being used irresponsibly, unfairly or unethically (24%). However, these concerns do not impact employers' willingness to adopt AI.

Nearly all respondents in Poland (98%) also said that the adoption of technology had enhanced the way they attract, engage and retain talent. Moreover, ABSL data shows that 86% of centers viewed AI as more of an opportunity than a threat.

Indeed, AI has proven to be a useful tool to overcome what has typically been a challenge for centers in Poland: a declining talent pool. As centers compete for talent and threats from other markets, AI has been used to help replace certain roles. In fact, the sector in Poland now has a greater degree of maturity regarding AI than other markets in terms of automation adoption. The value of leveraging AI in place of certain roles is clear – according to ABSL, the number of centers reporting that the availability of talent pools is no barrier at all jumped to nearly 18% in 2024, up from around 8% in 2023.

**FIGURE 4.16**

WHICH OF THE FOLLOWING DO YOU CONSIDER TO BE BENEFITS OF THE ADOPTION OF AI, AUTOMATION AND ROBOTICS?



Source: Randstad Enterprise 2024 Talent Trends research



As centers seek to adopt or expand their use of AI, it will be important to have a clear strategy to achieve the greatest success while reducing risk. To ensure an effective and compliant approach, consider these tips:

1. Create alignment across the company for how and when AI can be used — and when it should not be utilized. Defining AI guidelines and ethical standards will help to establish common practices across the organization.
2. Ensure the team is prepared for new ways of working. Focus on transparency and introduce AI and automation gradually so that the team can adjust and be well prepared to adopt new tools and ways of working.
3. Identify early adopters in your team who are excited at the prospect of embracing AI in their work. Sharing their stories and successes will help to create excitement and demonstrate the value of AI, thereby helping the rest of the team to drive change together.

## TREND #2: INHERENT CORE SKILLS AND MOTIVATIONS EMERGE AS MUST-HAVE CRITERIA

As external forces continue to influence the future of the industry in Poland, they have also affected the type of talent that centers employ. For example, there's been a marked increase in centers seeking experienced professionals over entry-level talent. According to ABSL, the number of entry-level employees in the sector in Poland decreased from 31% in 2020 to just over 25% in 2024, while the number of individuals in specialized roles has grown to more than 56%, compared to 51% in 2020.

At the same time, the overall age of center workers continues to skew older. The amount of employees aged 35 or older has increased steadily year over

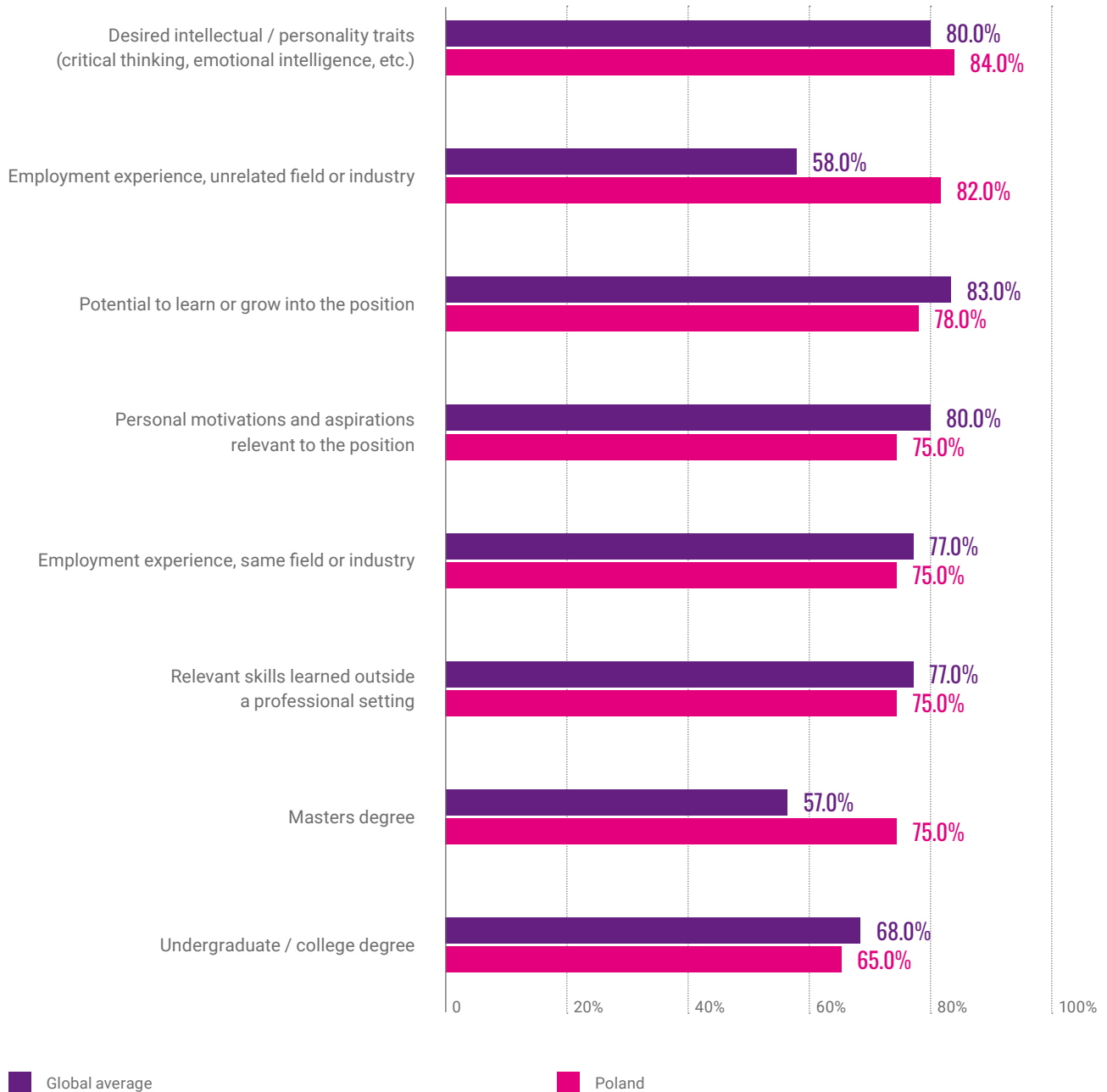
year, from 29% in 2019 to 43% in 2024. Meanwhile, almost half of 18-28-year-olds working in centers have only worked there for two years or less.

Still, when hiring for early-career talent, it's clear that centers have people's inherent skills and future potential in mind. The 2024 Randstad Enterprise **Talent Trends** research found that the top criteria for leaders in Poland included critical thinking, emotional intelligence (84%), and the potential to grow into a position (78%). Employers evaluate senior-level hires in a similar manner. The top criteria included critical thinking, emotional intelligence (88%), and the potential to learn or grow into the position (84%).



**FIGURE 4.17**

HOW IMPORTANT IS EACH OF THE FOLLOWING WHEN DECIDING ON AN EARLY-CAREER HIRE?



Source: Randstad Enterprise 2024 Talent Trends research

Interestingly, Poland is one of the few markets (out of 21) that assigns great value to previous experience in unrelated fields. Whereas the global average for this criterion is just 57% for early careers and 62% for senior-level roles, in Poland, 82% of employers emphasized the importance of early careers, and 86% for senior-level roles.

This suggests they understand the value of securing talent from other sectors with transferable skills to overcome skills shortages – an important strategy for skills-based organization models. This also indicates a potential for increased competition for talent across all sectors. As competition increases and talent pools continue to shrink, the industry should aim to shift to a skills-based approach in response – hiring based on inherent core skills and potential to learn and develop.

Given the expected stabilizing growth rate for the modern business services sector in 2024, along with the need for new skills competencies, businesses would also benefit from reskilling and upskilling current talent to compensate for skills gaps. The good news is that, according to Talent Trends research, 84% of leaders in Poland recognized the value of reskilling as a way to retain talent. In comparison, 73% saw reskilling as necessary to overcome talent shortages. At the same time, however, 73% said that they wanted to make more of an effort to reskill talent but did not know how to surpass the global average of 61% by 12 points.

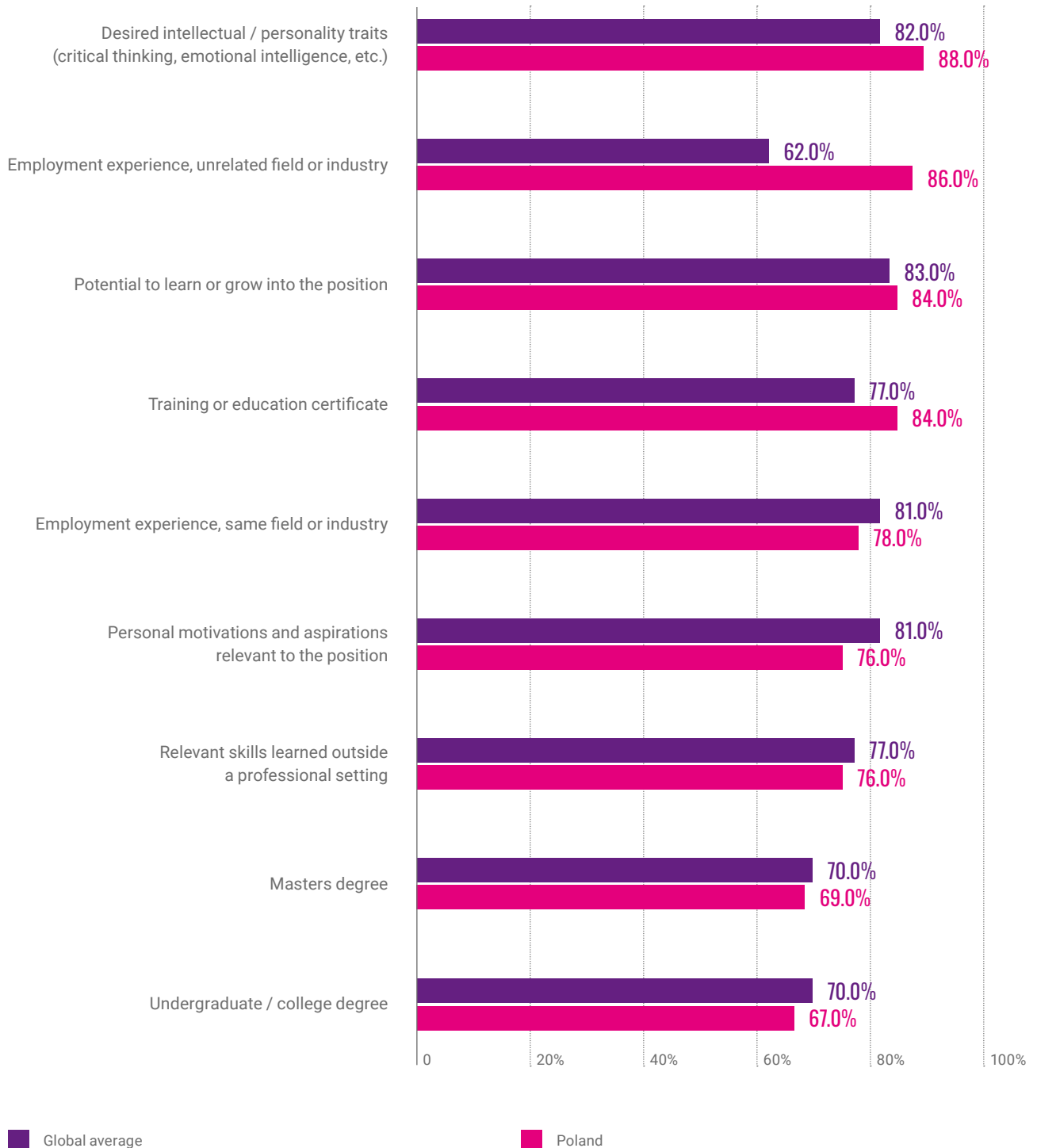


Transitioning to a skills-based organization will have its challenges. Here are three strategies to help facilitate the shift:

1. Don't try to do it all at once. Instead, identify the skill sets that are most critical to the center. This lower-risk approach can enhance change management and increase the likelihood of success.
2. Assess how AI-powered technology can help map out the most needed skills and where to find them. Doing so will allow you to better discover and identify talent with these skills faster than manual processes.
3. Ensure hiring managers are trained to appreciate the value of a person's inherent core skills. Using data and internal success stories can help validate the approach, emphasizing how potential and aspirations to learn can be better indicators of success than what experience is on a candidate's resume.

**FIGURE 4.18**

HOW IMPORTANT IS EACH OF THE FOLLOWING WHEN DECIDING ON A SENIOR-LEVEL HIRE?



## TREND #3: THE HYBRID WORK REVOLUTION KEEPS DELIVERING AN EDGE

With remote and hybrid work becoming widely accepted following the pandemic, such arrangements have become crucial in attracting and retaining talent. Randstad's [2024 Workmonitor](#) research discovered that 70% of more than 27,000 workers around the world wanted the ability to work remotely for at least a few days per week. The research also found that more than one-third (37%) wouldn't accept a job that did not offer this flexibility. Randstad Enterprise's latest [Global In-demand Skills](#) research validated these findings; the proportion of people who favored remote and hybrid opportunities outnumber job postings was 2 to 1.

Despite the clear preference among talent, employers still have some work to do to optimize their remote work strategies. In the 2024 Randstad Enterprise [Talent Trends](#) research, while 30% of leaders around the world agreed that their organization had found the right balance, 33% were not confident in their policies. For Poland, the disparity is more striking; only 12% of leaders strongly believed they had the right balance, with more than three-quarters (78%) less confident.

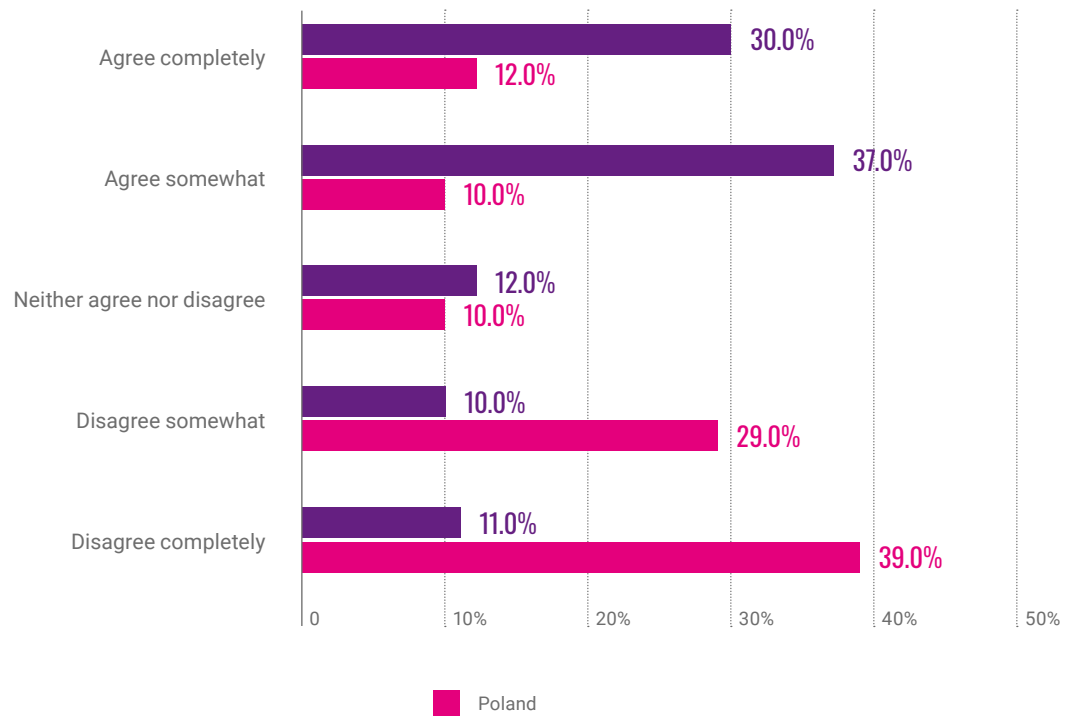
While these numbers represent leaders from across all industries, the modern business services sector seems to be ahead of the curve, according to ABSL findings. Hybrid work continues to be the most common work arrangement compared to full-time in-office and fully remote situations. The number of people in the sector who work in a hybrid pattern has increased to almost 61% in 2024, up from just over 57% last year.

In addition, nearly 59% of centers were looking to hire people who resided in close proximity to their locations so that they could be present in the office, compared to those looking anywhere in Poland (39%) or anywhere in the world (11%).

While some studies show the benefits of being present in an office for at least a few days a week in terms of better collaboration and combating [the negative health risks of remote work](#), by continuing to offer hybrid opportunities, centers can ensure that they attract and engage talent by meeting their talent experience expectations while fostering the collaboration and creativity of meeting face-to-face during the week.

FIGURE 4.19

OUR COMPANY HAS FOUND THE RIGHT BALANCE BETWEEN IN-OFFICE AND REMOTE WORK



Source: Randstad Enterprise 2024 Talent Trends research



To build and maintain successful remote work strategies, consider these tips:

1. Determine and clearly communicate which roles are eligible for flexible arrangements while striving to be as inclusive as possible. Find ways to ensure that employees whose jobs require in-person attendance most of the time can perform some aspects of their work off-site.
2. Ensure the team's time spent together in the office is meaningful and productive.

Don't ask people to commute to the office if being there won't add value. This can be done by scheduling face-to-face meetings on days when people are in the office together and creating opportunities for impromptu connections that drive creativity and collaboration.

3. Continually evolve the program to ensure it still meets people's needs. Conduct regular employee surveys about the hybrid policies to keep the program aligned with expectations and be ready to adjust policies as needed.

# MAKE PEOPLE YOUR GREATEST ASSET

While the modern business services sector in Poland continues to face ongoing change and increased competition for skilled talent, a common theme is emerging: The centers that remain focused on their people will be best positioned for long-term wins.

As AI introduces new possibilities around how work is done, preparing the team with the knowledge regarding how to utilize these tools can unlock opportunities for both employees and the organization as a whole. Meanwhile, focusing on the inherent core skills of candidates and current employees alike – and recognizing their potential to learn new skills – is key to maintaining a high-performing and adaptable workforce that can help your

business thrive in any environment. As hybrid work continues to be a key benefit for employees, effective yet adaptable policies will remain essential in attracting and retaining talent, driving engagement, and motivating your people on a daily basis.

The business services centers that leverage these strategies to enhance the talent experience will have a key benefit: The ability to empower their people against the backdrop of a constantly changing landscape.

For additional insights on the 2024 Randstad Enterprise Talent Trends findings, visit [randstadenterprise.com/talent-trends](https://randstadenterprise.com/talent-trends).



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# POLAND IS THE BEST PARTNER FOR THE MODERN BUSINESS SERVICES SECTOR

**Andrzej Dycha,**

Chairman of the Polish Investment and Trade Agency

Investments undertaken by companies in the BSS sector consistently occupy a leading position among active projects in the investment portfolio of the Polish Investment and Trade Agency. This applies not only to the number of projects but also to the creation of new job opportunities. The industry continues to show significant interest in Poland as a market which is characterized by a highly skilled workforce, developed infrastructure, and resources that enable the realization of even the most advanced investments in software engineering, cloud computing, and data science.

In recent years, the positive trend of an investment influx from the information and communication technologies sector is illustrated by global giants such as Google and Microsoft investing in projects located in Poland. In the past year alone, the Agency has supported investment projects of well-known brands such as Visa, Volvo, Equinix, and Honeywell.

Currently, the investment portfolio of active projects managed by PAIH consists of 42 projects in the area of modern services, with nine of them being research and development investments. The estimated value of active projects conducted by the Agency is close to 94 million euros, with a declared intention of creating over 11,000 job positions.

PAIH observes the continuation of new, highly advanced investments flowing into Poland from the BSS sector. Although Poland faces challenges in maintaining and increasing its investment advantages, changes introduced in the Grant Program by the Ministry of Development and Technology, the availability of EU funds, and the unlocking of resources from the National Reconstruction

Plan do allow for an optimistic outlook for the near future. Investors are looking for highly qualified professionals, and we are able to meet these needs.

PAIH, through its Investment Department, actively works to attract new investors by participating in industry events, organizing business meetings, and carrying out trade missions, primarily aimed at attracting new investors. Acting on behalf of the Ministry of Development and Technology, the Agency manages the government's Grant for job creation, available not only for large industrial projects but also for the modern business services sector. In 2023, the Program underwent significant changes, especially in terms of raising the available maximum support limits for research and development activities. This reflects the market trend of investment inflow based on high levels of specialized knowledge. The grant program constitutes an undeniable advantage for the Agency in negotiations with potential investors. In the record-breaking year of 2023, in terms of the value of investments handled by PAIH, the Agency supported as many as 38 projects in the modern services sector.

The support offered by the Agency is also available for Polish companies and investors wishing to reinvest in the country.



Polish Investment  
& Trade Agency  
PFR Group

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