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A TMF Group Briefing

Insight into Multi-Country Outsourced Services Trends: **Poland**

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About this report

The information in this report is based on the results of a survey commissioned by TMF Group and conducted by professional research company, Gfk.

Insight into Multi-Country Outsourced Services Trends sought to identify trends in outsourcing services in the Polish market, specifically related to global companies with operations in the country.

Our survey canvassed the views of 30 HR managers (CHOs) and 30 Finance managers (CFOs) active in local and international companies, operating in Poland. They were asked to give their opinion on outsourcing and their intention to use external service providers to support accounting and tax, HR and payroll and corporate secretarial functions in their organisations. The survey was conducted in the second half of 2016.

Country overview

Poland is the largest economy in Central and Eastern Europe (CEE) and the sixth strongest market in the European Union (EU). The Polish economy is the only one in the EU to have avoided recession during the global downturn of 2009. It has since established itself as one of the most reliable economies in CEE.¹

Since joining the EU in 2004, the Polish economy has stood out for being extremely dynamic. It has recorded a steady Eurozone growth rate, averaging 4% each year.²

Poland's score in the 2016-2017 Global Competitiveness Report is 4.56, compared to 4.49 the previous year (2015-2016).

4%

average steady Eurozone growth rate each year

4.56

score in 2016-2017 Global Competitiveness Report



¹ CEE region: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovak Republic, Slovenia, Estonia, Latvia, Lithuania, Serbia.

² Bloomberg

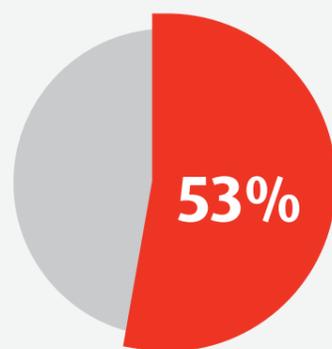
Insight into multi-country outsourced services trends – survey results

Financial performance

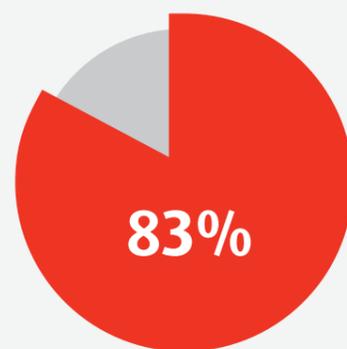
In terms of financial performance, 58% of respondents working for companies in Poland reported an increase in revenue in 2016.

Challenges

Heavy bureaucracy continues to be a challenge for companies in Poland. 77% of CFOs surveyed indicated their domestic growth efforts were affected by sudden changes in legislation. This is despite four deregulation acts (2011 – 2014) taken by the ministry of economy, and fiscal easing measures aimed at improving the Polish business environment. The goal was to improve the financial liquidity of companies through changes to Polish Value Added Tax (VAT) regulations, reduce payment backlogs and improve payment discipline among traders.



53% of CFOs said they experienced difficulties remaining compliant with Polish and group (internal company) reporting standards.



83% of CHOs said finding the right talent was a critical issue.

This is despite Poland's low labour costs and highly skilled workforce (aged 25-34) particularly in IT financial and legal fields. The fast absorption of the workforce by foreign direct investors and developing local businesses goes some way to explaining this mismatch, as there is intense competition in the labour market.

37% of CHOs pointed to difficulties complying with both local and group reporting standards. And 33% admitted that they are affected by frequent labour regulatory changes.

Motivations to choose outsourcing

The need for adaptability to legislative changes drives 73% of CFOs and 57% of CHOs to outsource their non-core functions.

Automation of business functions and systems implementation such as ERP are also strong motivators for finance managers in Poland to consider outsourcing (60%). Also for easier compliance with tax regulations (60%).

Volume of functions supported with outsourced services

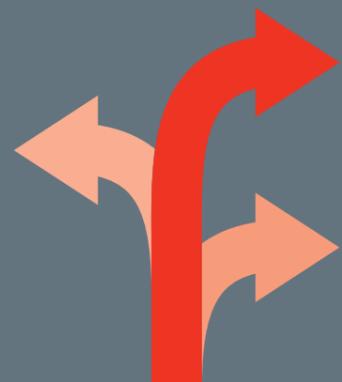
Foreign companies operating in Poland outsource the largest number of business functions in CEE.

The country's high level of legislative complexity and tax regulations drove 67% of our survey respondents to outsource at least one function, and just as many to consider additional support (28% - tax compliance and 17% - legal administration and corporate secretarial).



Benefits of outsourcing

In terms of perceived benefits, both CHOs and CFOs in Poland appreciate the time gained to focus on their core business, and the improved decision making due to a higher quality of reporting (72%).



Conclusion

The Polish economy continues to thrive and the country offers many opportunities for companies looking to expand. It also provides a gateway to emerging markets in CEE.

Despite efforts to ease heavy bureaucracy and improve the local business environment, regulations and sudden legislative changes continue to pose a challenge for companies in Poland. The other significant challenge is in finding the right talent, as the country's highly-skilled workforce is in strong demand and intense competition is seen across many industries.

Businesses that successfully cut through the red tape in Poland are those that establish efficient partnerships with local experts. Working with an external partner that is able to provide in-country administrative support allows companies to operate their core functions more efficiently, and remain competitive in the market.

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TMF Group is a leading provider of high-value business services to clients operating and investing globally.

We focus on providing specialised and business-critical financial and administrative services that allow our clients to operate their corporate structures, finance vehicles and investment funds in different geographical locations.

Our core services can help companies of all sizes with HR and payroll, accounting and tax, corporate secretarial, international corporate structuring and structured finance – whether a company wants to globalise, or needs support to streamline existing operations.

Present in the Polish market for more than 20 years, our 400-strong team of experts are supported by the latest technology, and a network of TMF Group offices in over 80 countries worldwide.

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About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries.

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Get in touch with us today:
poland@tmf-group.com

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